

Tariff

THE GREAT TRIAL: FAIR TRADE v. FREE TRADE

WHEREIN THE ENTIRE QUESTION IS DISCUSSED IN
ALL ITS BEARINGS UNDER THE SIMILITUDE
OF AN ACTION AT LAW,

BY

JOHN LOVELL.

[REPRINTED FROM THE "HALFPENNY WEEKLY."]

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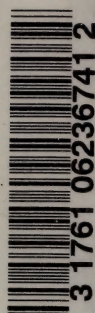
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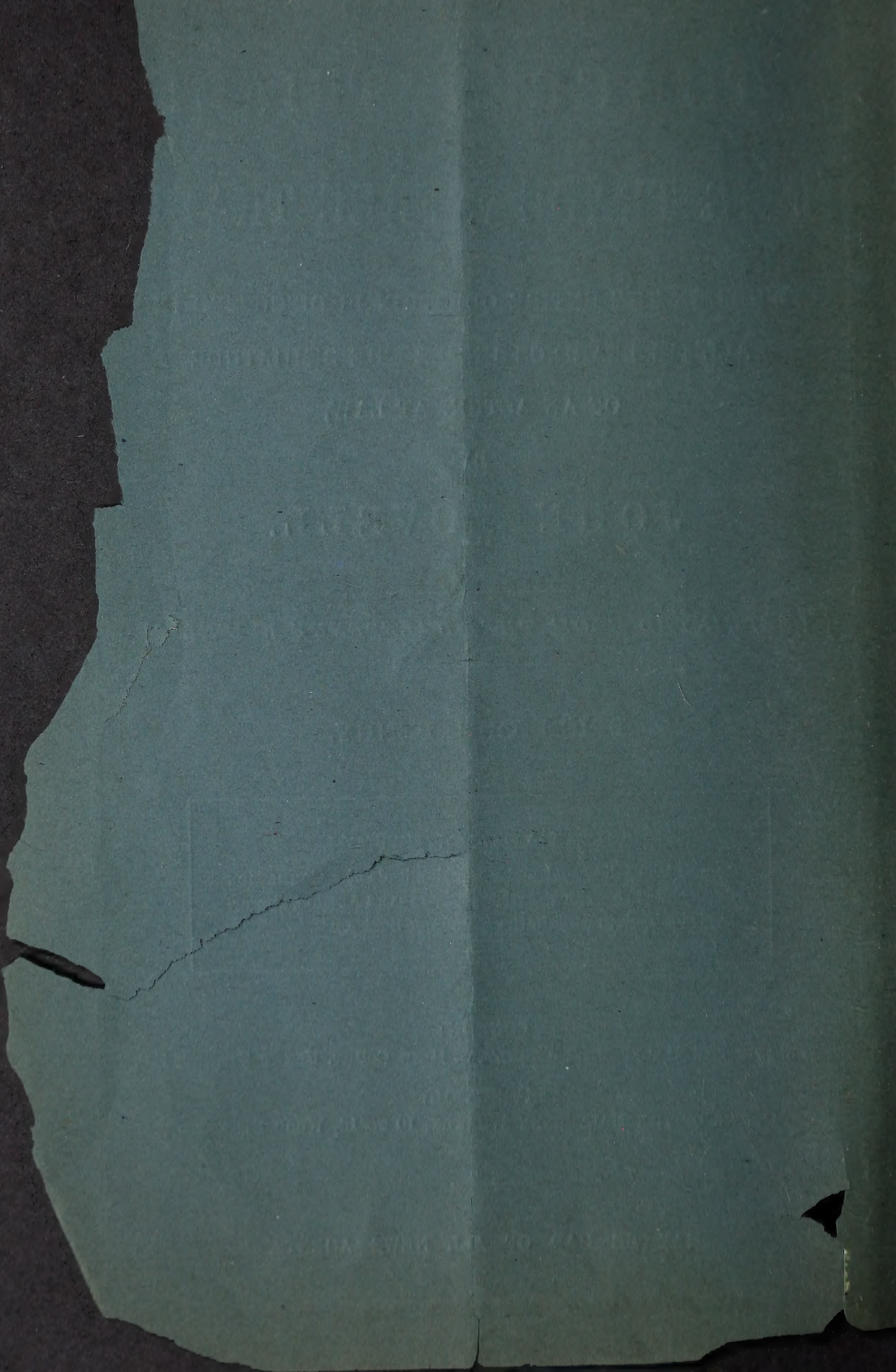
OFFICE OF THE HALFPENNY WEEKLY, 5, HIND COURT, FLEET STREET, E.C.

LIVERPOOL:

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PREFATORY NOTICE.

THE following Articles—which have attained a wide popularity in the columns of the “*Halfpenny Weekly*,” and have enormously increased the circulation of that excellent family journal for the working classes—are reprinted at the request of a large circle of readers, who desire to possess them in a compact and permanent form.

April, 1886.

THE GREAT TRIAL.

FAIR TRADE v. FREE TRADE.

FIRST DAY'S PROCEEDINGS.

FOR the purposes of these articles we shall assume that the important cause of Fair Trade v. Free Trade is being tried at the bar of public opinion; that the presiding judge is Mr. Justice Reason; and that the proceedings are conducted in the manner customary in our courts of law. The plaintiff is Mr. Fair Trade, a descendant of the ancient Protection family, who formerly held most of the offices under the Crown, and virtually governed the country. The defendant is Mr. Free Trade, who first sprang into political importance some forty years ago, when he ousted the Protection family from power and took into his own hands the reins of government, which he has held ever since. The principal allegations of the plaintiff are that the defendant procured and maintains his ascendancy in the councils of the nation by false pretences; that he is an impostor and a public enemy; and that he ought, therefore, to be ignominiously dismissed from the public service. To these charges the defendant pleads, first, that they are not true; and, secondly, that instead of being a public enemy, he is one of the greatest public benefactors the country has ever had. Mr. Protection, Mr. Reciprocity, and Mr. Retaliation (instructed by Messrs. Tory, Conservative, Constitutionalist, Tory-Democrat, and Co.), appear as counsel for the plaintiff; and Mr. Commerce, Mr. Capital, and Mr. Labour (instructed by Messrs. Whig, Liberal, Radical, and Co.), for the defendant. Mr. Direct Taxation watches the case on behalf of the Financial Reform Association.

Mr. Protection, in opening the case, said that although he was related to his distinguished client, and, in common with all the members of their family, had suffered greatly in public esteem in consequence of the absurd and injurious pretensions set up by the defendant, he should endeavour to discharge what he considered to be a grave public duty without personal animus. It was unnecessary for him to tell those acquainted with our history, as the court and jury were, that it was under the beneficent policy so long carried out by the Protection family that Great Britain, our

beloved country, attained her proud supremacy among the nations. It was under that policy that she conquered the great Napoleon, won India, and planted her colonies all over the surface of the earth. And what was that policy? It was simply the policy of husbanding her own resources. Obeying that instinct of self-preservation which the Almighty had implanted in the breasts of all His intelligent creatures, she determined that her hardy and industrious sons should enjoy the fruits of their own labour. In the exercise of her undoubted right, and in virtue of her impregnable strength, she said to all other nations, "Hitherto shall ye come, but no further; trade with each other as much as you like; carry your wares wherever else you please; but, so long as I can prevent it, you shall not come here to undersell my manufacturers, to take the bread out of the mouths of workmen, and drain away my people's honestly and hardly earned gold in order to enrich your own impoverished countries." The learned counsel then went on to show that this policy was not enforced harshly or selfishly. All that was done was to subject foreign goods to such an import duty as would raise their price to the level of what it would cost to produce them in this country. Foreign nations were not forbidden to trade with us; they were only prevented from underselling our own people in their own markets, and so reducing them to poverty and starvation. And this policy, being reasonable and just, worked well. For centuries it justified itself by its results. England, as he had shown, grew great under it. But unfortunately there came a time when hand labour was largely displaced by the invention of machinery, and railways were introduced. Thousands upon thousands of industrious men were thrown out of work; and, to still further deepen the prevailing distress, there came a succession of bad harvests. It was at this period, when the popular mind was unhinged by the troubles through which it was temporarily passing, and was ready in its despair to clutch at any straw of a seeming remedy, that the defendant in this action, Mr. Free Trade, appeared upon the scene with his quackeries, his juggleries, and his impositions. "See," he said, "to what a condition of misery you have been reduced by this old Protection family. Their policy is only a cunningly devised trick. To enrich themselves they have impoverished you. Send them packing, then, bag and baggage. Reverse your ruinous old policy. You have only to abolish your import duties, and the foreigner will take care that you are supplied with all you require at a far cheaper rate than you can produce it yourselves." Unhappily the populace—ever ready to fall a victim to the first charlatan that passes by—believed this trash. Still more unhappily they acted upon it. With joyful shouts they pulled down the bulwarks which had been their shelter in many a wild storm, and the productions of the foreigner poured in like a flood. For a time all went as merrily as marriage bells. But not because of the abolition of the import duties. Let them not be imposed upon by that stale fiction. It was because just about that time the gold-fields of California and Australia were discovered; because the railway and the electric telegraph came into full working order; because enterprise and industry were thereby quickened throughout the world; and because Great Britain, in spite of her free trade policy, could not help sharing in the general prosperity. But

before long—for 30 years was a very short period in the life of a nation—all this inflated prosperity collapsed and passed away like a dream. The goldfields were exhausted; human enterprise sunk to its ordinary level. And then, where did Great Britain find herself? Stranded—simply stranded. The foreigner had taken the bulk of her home trade and was rapidly driving her out of the markets of the world. For the foreigner had not been foolish enough to follow our fatal example and abolish his duties—as the defendant Free Trade had falsely said he would. On the contrary, he had increased his tariffs everywhere. The result was that while Great Britain was buying more and more from foreign countries, she was selling less and less abroad. Her imports exceeded her exports by hundreds of millions a year, her wealth was being drained away into other lands, all her industries were decaying, her factories were one after the other becoming idle, her workmen were being thrown out of employment in all directions, and she was rapidly impoverishing herself to enrich other nations. This was the work upon which the defendant prided himself—this was the work over which, like another Nero fiddling while another Rome was burning, he gloated. The defendant was not in the least ashamed of it—not he. It was nothing, he said—only a little temporary depression—due to causes which he could not explain. It would soon pass away. Let the nation continue in its downward course, and all would be well. He, the learned counsel, thought that when the eyes of the nation were once opened—as he should open them, by the evidence he was about to adduce—to the deplorably ruinous nature of the delusion by which it had been so long carried away, it would be of a very different opinion. It would then, he believed, very quickly send this reckless, this malignant impostor, misnamed Free Trade, to the right-about. It would once more betake itself to the policy of the noble family to which his client had the honour to belong; and, that done, their eyes would be gladdened by the sight of their beloved country, strong even in the hour of her great weakness, rising like another phoenix from the ashes to which she had been well-nigh reduced. The learned counsel then went on to state the nature of the evidence he proposed to adduce, and ended a lengthy and eloquent speech by calling—

John Dayman, who said he was a dock labourer, residing at Liverpool. He had often had pamphlets and leaflets put into his hands by the plaintiff, Mr. Fair Trade, and had read and heard speeches delivered by that gentleman and his friends. He did not take much notice of them, however, till one day, after he had been a long time out of work, he got a job to help in unloading a vessel which had just come from America. Then, when he found himself taking out of the hold a large quantity of ready-made door and window frames, it all came back to him. He knew that these door and window frames paid no duty. He felt sure that, including the cost of carriage, they could be sold for less money than it cost to make them here. He foresaw that they would be bought and used by persons who were building houses in this country. And that being so, it naturally followed that, while a number of British carpenters would be thrown out of work, the wages of the rest would be reduced. This first led him to conclude that there was something in Mr. Fair Trade's theories, and that Free Trade was not, after all, such a blessing

to the working classes of this country as he had always been taught to believe. And the more he thought of it, the more he became convinced that it would not only be reasonable, but just, to put such a duty upon ready-made door and window frames coming from America as would raise their price to the level of what they could be made for in this country. Why the foreigner should be allowed to thrive upon British money which would otherwise go into the pockets of British workmen he could not make out; and he confessed that it "raised his dander" when he remembered that, while American manufactures were admitted into this country free, British manufactures were not allowed to pass into America without the payment of heavy duties. (Some applause in court, which was speedily suppressed.)

Cross-examined by the defendant's counsel, Mr. Commerce.—He must admit that he had not carried his speculations far enough to reflect that if this particular cargo of American door and window frames had not arrived in port—as, of course, it would not if high duties had kept it out—he and a large number of his fellow labourers would have themselves remained unemployed. Neither had he reflected that the ship required to bring the cargo over had been built by British workmen; nor that that ship was manned by British sailors; nor that the money paid for bringing the cargo over went into the pockets of British shipowners; nor that the firm of British merchants who bought the cargo to sell again would make a profit, out of which they would pay their clerks and porters; nor that the British carriers and railway companies who would convey the door and window frames to their several destinations would receive money for doing so, which they also would partly distribute in wages to their servants. No doubt, however, all this was true. Still, it did not get over the fact that the carpenters would be thrown out of work and carpenters' wages reduced; and, for his part, he was prepared to sacrifice something in the interests of his class.

Mr. Commerce.—A noble sentiment, no doubt, Mr. Dayman, though your wife and family and those who support them when you are out of work might take a different view of it; but after all—after you have sacrificed your own interests and the interests of those depending on you in this lofty way—after you have deprived the shipwrights, the sailors, the shipowners, the merchants, the clerks, the porters, the carriers, the railway companies and their respective servants of their share of the profit of this transaction—are you quite sure that you would prevent a single British carpenter from being thrown out of work, or would be doing anything whatever to keep up the rate of wages in the carpentering trade?

Witness.—It stands to reason that there cannot be so many employed, if their work is done for them in America.

Mr. Commerce.—Does it? Cannot you conceive, Mr. Dayman, that there may be two ways of using ready-made door and window frames—either in houses which would be built under any circumstances, or in houses which but for the cheapness of materials, would not be built at all?

Witness.—I don't quite see what you mean.

Mr. Commerce.—Let me put it another way then. Suppose a man has got £1000 to spend in house-building. If it costs him £100 to build each house, he can only build 10; but if he can get each house built for £90, he can build eleven houses, and have £10 to the good—can he not?

Witness.—That's right enough.

Mr. Commerce.—Well, then, is it not conceivable that, if door and window frames and some other building materials can be obtained from abroad much more cheaply than they can be made here, more houses will be built than would otherwise be the case; and that, as a consequence, while no carpenter will be thrown out of work, there will be extra employment found for brickmakers, bricklayers, slaters, painters, plumbers, paperhangers, and all the other classes of workmen employed in the building trade.

Witness.—I suppose that would be so. Cross-examination continued: He had never seen the census returns. Looking, however, at the official blue books placed before him by the learned counsel, he found that while the number of carpenters in England and Wales in 1871 was 205,833, the number in 1881 was 235,233. That certainly did not look as if the carpentry trade was being ruined. He had no idea what the total value of all the ready-made door and window frames imported into this country from America might be. Looking at the Board of Trade returns placed in his hands by the learned counsel, however, he saw that it amounted on an average of the last five years to about £120,000 per annum.

Mr. Commerce.—Supposing, therefore, it were true—which, as we have seen, it is not—that for every cargo of ready-made door and window frames brought into this country from America, the British carpentry trade were deprived of work to an equal value, it would remain, would it not, that the loss to each individual carpenter in England and Wales would amount to no more than the magnificent sum of ten shillings a year—a glass of beer a week?

Witness.—I suppose so.

Mr. Commerce.—And to prevent this purely imaginary loss to the carpenters—this loss, which is no loss at all even to them, and which is a positive gain to all other branches of the building trade, and to whole tribes of persons engaged in the shipping and carrying trades—you are prepared to put on a duty whose very first effect would be to deprive you of the employment upon which you and your family subsist?

Witness.—I am not so sure about that now.

Mr. Commerce.—I should think not. I have nothing more to ask you, Mr. Dayman.

In re-examination by Mr. Protection, the witness adhered to his opinion that it was unjust on the part of America to put duties on British manufactures, while American manufactures were admitted into this country free of duty.

Mr. Commerce.—Very unjust, no doubt—especially to the American people who have to pay the duties.

The court then adjourned.

SECOND DAY'S PROCEEDINGS.

On the court resuming its sittings, the evidence for the plaintiff proceeded with.

Thomas Gouge, called and examined by Mr. Reciprocity, said he was a carpenter and joiner in the employment of Messrs. Brix & Wood, builders and contractors, of Mudborough. He was apprenticed to that firm 18 years ago, and had worked for them ever since. Like himself, Mudborough had grown a good deal during this period. The cloth manufacture had extended thither, and the town was now three times the size it was when he first knew it. He could not say that most of the new buildings that had been put up during the last 18 years had been erected by Messrs. Brix & Wood; that was true as to the houses, but the factories had been built by firms from a distance who could do the work cheaper. Formerly, the firm by whom he was employed made their own door and window frames, but for the last ten or twelve years, to save expense, they used none but ready-made ones, which came from America or Sweden.

The Judge.—Do these structures come from other countries besides the United States?

Mr. Reciprocity.—O dear yes, my lord.

Mr. Commerce.—They come, my lord, from the United States and Sweden, and from no other country—about half as many from Sweden as from America. The total imports in 1880 amounted to £163,000; last year they amounted to £218,000. We were speaking yesterday of the American imports only.

The Judge.—Do you think it worth while, Mr. Reciprocity, to take up the time of the court any further with this part of the case.

Mr. Reciprocity.—My learned friend, as your lordship sees, has put in certain census returns to show that, notwithstanding the use of these foreign door and window frames, there were 30,000 more carpenters in England and Wales in 1881 than there were in 1871. But my learned friend did not consider that these 30,000 additional carpenters may very well have been carpenters out of work. The witness's evidence will, if I am correctly instructed, tend to show that this was substantially the fact.

Mr. Commerce.—I do not, of course, know what the witness may be going to say, but I should imagine that it would require far stronger evidence than he is likely to give to convince the jury that 30,000 new hands will join a trade which is going to ruin, in order that they may have nothing to do.

The Judge.—Well, we won't anticipate matters; perhaps the shortest course will be to go on.

Examination resumed.—Witness had known the time when Messrs. Brix & Wood had had as many as 30 carpenters and joiners in their employment; now they had only seven. (Sensation.)

Mr. Reciprocity.—That is the fact I wanted to bring out, my lord.

Mr. Commerce.—I hope you may find it useful. To the witness: Now, Mr. Gouge, how long ago was it that you had 30 carpenters employed at one time? I could not say to a year or two.—Well, we are

not particular to a year or two. Was it ten or twelve years ago? Oh no: five or six perhaps.—And up to that time had you always as many as that? No, they gradually crept up to that number; there were only three when I was first apprenticed.—And now there are seven? Yes.—So they gradually increased from three 18 years ago to 30 five or six years ago, and then fell off, as gradually, I suppose, to seven. To what do you attribute the falling off? Well, if you were to ask my private opinion, I should say that the governors and their friends rather overdid it.—Built too many houses, you mean? Yes.—Then your mates were not thrown out of work by the importation of these foreign door and window frames? I never said they were.—I know you did not, Mr. Gouge; it was my learned friend who suggested that; what you said was that Messrs. Brix & Co. began to use foreign door and window frames ten or twelve years ago, and that, notwithstanding this fact, the number of carpenters they employed went on increasing until five or six years ago. Now tell me, don't you think it was because there were no more houses to build that the number then fell off, and that the ready-made door and window frames had nothing to do with it? If you ask me what I think, I think it a burning shame that those door and window frames should have been admitted duty free; that's what I think.—What! If their cheapness led to the building of more houses, and if the building of more houses led to the employment of more carpenters, you think they ought to have been subjected to a duty which would make them dearer? I think English money should not be sent out of England when it can be spent here. (Applause in court, which was speedily suppressed.)—Is it your impression, then, that English money was paid for these door and window frames? Yes; you don't suppose they gave them to us, do you?—No; but I suppose we can give other things besides money for them, and I suppose that the making of those other things provides employment for British workmen. You told us, for instance, that the cloth manufacture had extended itself to Mudborough, and that the population had, in consequence, increased to three times its number when you first knew the town; where do you imagine all the additional cloth that was made at Mudborough went to? I don't know, and I don't see what the cloth that is made in Mudborough has to do with the door and window frames that are made in America and Sweden.—Then let me try to show you. Would it surprise you to learn that during the 18 years which have elapsed since you were apprenticed, the quantity of cloth we have sent abroad for sale in foreign countries has increased from 24 million yards per annum to 95 million yards per annum? I do not know that it would.—And would it be requiring you to put too heavy a strain on your imaginative faculties if I were to ask you to suppose it possible that some of the increased quantity of cloth which went out of Mudborough might have been given in exchange for some of the ready-made door and window frames which came into Mudborough, and that Mudborough thereby gained a double advantage—first, in the extra number of hands she was able to employ in weaving cloth; and secondly, in the extra number of hands she was able to employ in building houses? You're out of my depth now.—The jury will no doubt understand the argument if you do not; but let us look at the matter for a moment in another light.—What has become

of all the carpenters who during the last five or six years have been thrown out of work at Messrs. Brix's—are they still at Mudborough? Three or four of them are.—What doing? Working for other firms.—Not starving or ruined, or on the parish then? No, but some of them are on short time, like some of us at Brix's are.—Do you know what has become of all the others who, as I gather, left Mudborough? No, only one or two of them.—Are they out of work? Not that I know of.—Were all these carpenters originally Mudborough men? No.—As the town increased building increased, and this brought carpenters from other places, I suppose? I suppose so.—And when the building trade in Mudborough became slack they drifted away again? Yes.—Now, Mr. Gouge, can you say of your own knowledge that a single one of all those 30 carpenters who were formerly employed by Messrs. Brix and Co. is at the present moment out of work? No, I can't, of my own knowledge; but I expect some of them are, and I am pretty sure that a good many of them are on short time.—Has the rate of wages recently gone down in the carpentering trade? No; we get the same wages; but if we don't get full work, of course we don't get full pay.—I quite understand that, but I am speaking only of the rate of pay—the standard of wages; and I ask you whether, instead of going down carpenters' wages have not gone up since these foreign windows and door frames first came into use? If they have it was not because of that.—I am not saying it was; I am only asking you as to the fact.—Tell me what were carpenters' wages during the term of your apprenticeship. I don't mean your own wages, but regular carpenters' wages? Sixpence an hour.—And what are they now? Sevenpence halfpenny an hour.—Have they ever in your time been higher than that? No, but we used to have a good deal of overtime, and now we are on short time.—Quite so; that, however, I understand, is not because these foreign door and window frames come over, but because you are not now building any houses to put them in when they get here. Let us go to another subject; I do not wish to be personal, but you wear a watch, I see—is it an English-made watch? How should I know?—Come, now, Mr. Gouge, let us deal frankly with one another; I am sure you do not wish to speak anything but the truth—the “whole” truth, you know; tell me, was that watch made in England or Geneva, or—I am almost ashamed to make so shocking a suggestion—did it come from that naughty country where the door and window frames come from—America? (Laughter.) It didn't come from Sweden. (Renewed laughter.)—I thought not, but it did come from America, didn't it? Well, it did, if you must know.—What, Mr. Gouge! You, who are so indignant at the bare thought that English money should be sent out of England when it can be spent here—you to buy an American watch, when you might just as easily have bought an English-made one—Oh, fie! However came you to do such a thing? Well, my lord and gentlemen, I'm a poor man, and if I can get a good going watch for eighteen shillings—which is all it cost me—I don't see that I am called upon to pay three or four pounds for one because it happens to be made in England.

Mr. Commerce: Nor do I. I think you very wise, Mr. Gouge; but I am so pained by your inconsistency that I shall ask you no more questions.

Mr. Protection : I will just ask you this one, Mr. Gouge—Since to admit articles in other trades free of duty is part of the policy which admits articles in your own trade free of duty, I presume you do not think you are materially hastening the ruin of the country by buying an eighteen-shilling American watch ?

Witness.—No, sir.

Mr. Commerce.—My point is that there is no ruin in the case at all, but that the witness did with regard to his watch what his employers did with regard to their ready-made door and window frames—benefited himself by buying in the cheapest market. And I say further, that where each is benefited all will be benefited.

The Judge.—That is matter for your speech by and bye, Mr. Commerce. Before the witness goes down I wish to put a question to him. To the witness : You stated in your evidence in chief, when the learned counsel asked you whether Messrs. Brix and Wood had not erected most of the new buildings in Mudborough, that that was true as regarded the houses, but that the factories had been built by firms from a distance ; and you gave as a reason for this that these firms from a distance did the work more cheaply than persons who, like your employers, were resident in Mudborough, could do it. Now, since you think it only fair that a duty should be laid on American and Swedish door and window frames because these can be sold cheaper in Mudborough than similar articles can be made there, what I wish to ask you is, whether or not you would think it equally fair to lay a tax on those firms from a distance who obtained the contracts for building the Mudborough factories on account of their tenders being lower than those of, say, Messrs. Brix and Wood ?

Witness.—No, my Lord.

The Judge.—Why not ?

Witness.—Because those firms were English, my Lord.

The Judge.—Then, if the door and window frames were made at Manchester, you would not mind being ruined by them ; it is only when they are made in America or Sweden that you object to them ?

No answer.

The Judge.—You may stand down.

The court then adjourned.

THIRD DAY'S PROCEEDINGS.

At the opening of the court this morning, Mr. Protection said that, in obedience to the suggestion thrown out by his lordship yesterday, he had, with the concurrence of his learned friends, decided not to pursue further the line of evidence with which the court had hitherto been occupied. He had a large number of witnesses in reserve, representing

the watch trade, the leather trade, and many other important branches of British industry, who were ready to testify to the effect which free importation had had upon the particular branches of manufacture in which they were engaged. But inasmuch as it was impossible in isolated cases of this kind—and with a class of witnesses of whom he would only say that they were men of little education and restricted means of observation—to follow out every minute cause to its ultimate consequences ; and inasmuch as the cross-examination of these witnesses by his learned friends on the other side would, no doubt, be directed to show that, as in the case of American and Swedish door window frames, so in every other branch of British manufacture, the more the foreigner did for us the more employment there would be for our workmen—(laughter)—he thought it would be better, for the present at all events, to abandon details and deal with broad general facts. After all, the greater included the less ; and if he could succeed in showing that Free Trade was bringing our industries as a whole to ruin, individual instances of its evil effects might very well be left to take care of themselves. He called

Theophilus Wildman, who said he was the author of a pamphlet entitled “Free Trade and Famine ; or The Impostor Impaled on his own Statistics.” It was hardly correct, perhaps, to say that this pamphlet had had a large sale ; it was copiously given away during the recent general election, and he had no doubt it had been widely read. In preparing it for the press it had fallen in his way to investigate the returns of the Board of Trade. As a result he was simply amazed that any sane man in the least degree acquainted with the state of affairs those returns disclosed could by any possibility fail to see that under our Free Trade system the commerce of this country was going at express speed to ruin. A single fact would show this. During the last ten years our exports amounted to 2,776 millions sterling ; our imports to 3,913 millions. That meant, of course, that while we bought goods of the foreigner to the value of 3,913 millions, the foreigner only bought goods of us to the value of 2,776 millions. In other words, there was a balance of trade against us, in those ten years alone, of 1,137 millions sterling—all of which had to be paid in British gold. The same kind of thing had been going on in gradually increasing volume ever since the policy of Free Trade was introduced ; but, to simplify matters, he was content to take his stand upon the last ten years, and his position was that no nation in the world could bear a continuous drain like that without falling ultimately into hopeless bankruptcy.

Cross-examined by Mr. Commerce : What, may I ask, is your special interest in this question, Mr. Wildman ? Simply that of a public writer.—You live by your pen ? I do.—I hope the writing of pamphlets for free distribution at election times is not drifting you towards bankruptcy as hopelessly as you seem to think the commerce of this country is drifting in that direction ? Oh, dear, no ; I was paid for writing it.—I thought so ; and I am further right in supposing that your paymasters on the occasion were the eminent firm of Messrs. Tory, Conservative and Co., who are instructing my learned friends in the case now before the court ? You are.—From your evidence in chief I gather that until you were commissioned to write this pamphlet you had not made a special

study of commercial questions? I had not; I, of course, knew something of the subject superficially.—Quite so, but you were not what we call an expert—you had not investigated commerce as a science? No.—You received a commission to write a book, and you read up your subject in order to execute that commission? Precisely.—Were you, may I ask, requested to examine into this question as an independent thinker, and to give the world an impartial account of the conclusions forced upon your mind in the course of your inquiries, or were you merely instructed to get up a case against Free Trade for use during the recent elections? I was commissioned to write a pamphlet against Free Trade, just as you are instructed to appear for the defendant in the present action, and I did it.—Quite so; and, to follow out your own analogy, you would have been just as ready to write a pamphlet in favour of Free Trade as you were to write one against it if you had received a commission from the other side to do so? I should have been happy to write pamphlets for both sides had both been good enough to employ me.

Mr. Protection.—I submit, my lord, that what this witness may or may not have been commissioned to write in a pamphlet which is not before the court, in no way affects the stability of the figures which he has quoted from the Board of Trade returns. (Laughter.)

The Judge.—Perhaps not; but it may materially affect his method of putting them.

Mr. Commerce.—I have done with that point, my lord. To the Witness: You tell us, Mr. Wildman, as the result of such investigations as you have made into the Board of Trade returns, that the effect of our dealings with foreign countries during the last ten years has been to create a balance of trade against us of 1,137 millions sterling; I do not dispute the figures, but I want to ask you what meaning you attach to the phrase “balance of trade”? I mean that if you and I carry on trade with each other, and you buy more of me than I buy of you, there will be a difference between us when we come to settle up which you will have to pay in cash; that difference I call the “balance of trade.”—And if I can continuously afford to buy more of you than you of me, you would consider me on the high road to bankruptcy? Certainly: if you can afford, as you say, to buy more than you sell, you must be living upon capital, and in time your capital must become exhausted. Then you assume that I have no other resources beyond what I have saved and what I make by trading with you? Well, the country has no other resources beyond her trade and what she has saved—that is to say, her capital.—Ah, but you are now speaking of her entire trade, whereas we have hitherto been dealing with only one comparatively small branch of it—her interchanges of merchandise with foreign nations. Besides what we get by buying and selling abroad, do we not derive an immense income from our shipping trade? Have we not lent enormous sums of money to foreign nations, and do we not derive a large income from the interest thereon? Have we not a share in enterprises and undertakings in every quarter of the world, and do you suppose that we derive nothing from this source? Finally, have we not a population of 35 millions to feed and clothe, and supply with luxuries and comforts at home here

and do you suppose that we discharge this important function without gaining immense profits by it? My evidence is confined exclusively to the foreign trade of the country.—Confined exclusively to the foreign trade of the country! Are you not aware, sir, that the aggregate income of the people of this country—as shown by the returns made to the Income Tax Commissioners, which are known to be ridiculously below the mark—amounted in 1884 to 628 millions sterling, towards which the profit upon our exports—even if we reckon it at 20 per cent.—only yielded 58 millions? I certainly did not take that view of the case into account; it formed no part of my purpose.—And yet you come here to glibly tell us on your oath that because, with an income of 628 millions a year, we choose to spend 113 millions a year in buying what we want from abroad, we are going to ruin at express speed!

The Judge.—Do I understand you, Mr. Commerce, to accept his statement that what he terms the “balance of trade” is paid in cash?

Mr. Commerce.—Certainly not, my lord; I am coming to that. To the witness: You said that these balances against us, which amounted in ten years to 1137 millions sterling, were paid in British gold; how did you arrive at that conclusion? By the exercise of a little common sense; if they were not paid in goods—as they certainly were not, or there would have been no balances to pay—they must have been paid in money.—Had you exercised a little more common sense, Mr. Wildman, you would perhaps have asked yourself where all this British gold—amounting in the aggregate to 1137 millions sterling—came from. Are you aware that if at any time during the last 50 years you had scraped together not merely all the money, but all the other gold and silver in Great Britain, including even the wedding rings and the family spoons, the total value would not have amounted to 200 millions? I am not.—Are you aware that whenever as many as three or four extra millions of money are sent abroad from this country the Bank of England at once raises its rate and brings them back again? No.—Did you, when you were investigating the Board of Trade returns, look at the tables in which the imports and exports of money are recorded? No.—It will be information for you, then, to learn that during that very ten years when, as you suppose, we were being drained of 1137 millions of British gold, we brought into the country five millions more “British gold” than we sent out of it? I know nothing of these figures; what I saw was that we bought 3913 million pounds’ worth of goods, and only sold 2776 million pounds’ worth; and it seemed only reasonable to conclude that we must have paid the difference somehow.—And as you also seem to be of the opinion that a country which during ten years adds 1137 million pounds’ worth of goods to its possessions is falling into hopeless bankruptcy, perhaps it will not be altogether unreasonable in us to conclude that you know very little about the question upon which you have undertaken to instruct the public by means of a pamphlet. If, however, you attend to this case, you will probably discover in due course how it is that we manage to pay for our excess of imports without any danger of going to ruin. In the meantime, you may, as far as I am concerned, leave the box.

Mr. Protection.—I have no question to ask.

The court then adjourned.

FOURTH DAY'S PROCEEDINGS.

The first witness called this morning was Mr. William Moody, of the firm of Sharp and Moody, general merchants. Examined in chief by Mr. Retaliation, he said he was a member of the Fair Trade League. He had heard the evidence given by Mr. Wildman; and, in order that the minds of the jury might not be confused by too many statistics, he was prepared to accept that gentleman's figures.

Mr. Commerce.—That is, to put it shortly, that during the last ten years our imports have exceeded our exports by 1137 millions sterling?

Witness.—Yes.

Mr. Commerce.—We do not dispute it.

Witness did not, however, agree with Mr. Wildman, that this enormous balance had all been paid in gold. It was a very natural error to fall into. The transactions of international commerce were exceedingly complicated, and it was not easy to realise at first sight that they were after all a mere system of barter.

A Juryman said he should like to know precisely what was meant by commerce being a system of barter; he had often heard and read that it was so, but he did not clearly understand in what way.

Witness.—What is meant is that commerce is in reality an exchange of goods for goods, and not of money for goods. It is not, of course, pretended that a given agricultural implement maker in England sends half-a-dozen ploughs to a given farmer in the United States, and receives from that same farmer an equivalent for them in grain. International commerce, though by no means so complex an affair as is popularly supposed, is not quite so simple a process as that. What actually happens, however, is that, no matter how indirect the methods may be by which the operation is carried out, the ploughs are in the long run exchanged for grain and not for gold. Money—chiefly, however, paper money, in the shape of bills of exchange—is no doubt the agent by which these exchanges are effected; but the things exchanged are commodities. Let us imagine a case. Messrs. Smith, of Newcastle, on the order of Messrs. Didon, of Dieppe, send a thousand pounds' worth of coal to France. At about the same time Messrs. Toussaint, of Bordeaux, on the order of Messrs. Brown, of London, send a thousand pounds' worth of wine to England. By way of payment for the coals, Messrs. Smith receive from Messrs. Didon a bill of exchange for a thousand pounds, which Messrs. Didon undertake to meet when it falls due. This bill is then sold by Messrs. Smith to Messrs. Brown for the thousand pounds which it represents, and Messrs. Brown send it on to Messrs. Toussaint, who, on presenting it to Messrs. Didon, receive the thousand pounds originally owing to Messrs. Smith. The two transactions have now been completed. England has exported a thousand pounds' worth of coal and imported a thousand pounds' worth of wine. Not a sixpence in hard money has crossed the Channel either way. There has been simply one of those exchanges of commodities of which our whole foreign trade consists. Do not, however, let me be understood as saying that there is

no more complexity in the arrangements of international commerce than is here represented. There must, of course, be some agency through which Messrs. Brown can ascertain that Messrs. Smith have a bill on France for a thousand pounds to dispose of. Hence we have bill-brokers—men, that is, whose business it is to buy and sell bills. So that Messrs. Smith and Messrs. Brown need not be known to each other except by repute. The one may sell their bill to a broker to-day, and the other going to the same broker to-morrow may buy either that or another, or two or three smaller ones of equal aggregate value. With the intricacies of the commerce of money, however, we are not now concerned. Our business is with the commerce of merchandise; and the simple example I have given sufficiently illustrates the principle upon which that commerce is conducted.

Mr. Commerce.—Perhaps the court will permit me to say, on behalf of my learned friends and myself as representing the defendant, that in that very lucid explanation of the matter we entirely concur.

Witness, continuing his evidence, said it followed from the principles he had just laid down that no import could come into this country unless an export to the same value were sent out to pay for it—except, indeed, that import were given to us, or lent to us, or forwarded in discharge of an outstanding debt. This being so, it was clear that our imports and our exports in any given year ought, with more or less exactness, to balance each other. But, as Mr. Wildman had shown, our imports had for years past largely exceeded our exports—during the last ten years by the immense sum of 1137 million pounds. The reason of this was that in days gone by we had made heavy loans to foreign and colonial governments, and heavy contributions of capital to foreign and colonial railway and other enterprises, and that, now bad times had fallen upon us, we were bringing this money back again in the only way it was possible to bring it back—that was in the shape of merchandise. So that, although Mr. Wildman was in error when he talked about the drain of gold, he was quite right when he said our excess of imports was a sign that we were living upon our capital, or, in other words, upon our savings. It was equally true that if we continued to live upon our capital our capital must sooner or later become exhausted, and we must inevitably drift into bankruptcy.

Cross-examined by Mr. Commerce.—Of nothing was he more certain than that a continuous excess of imports over exports was a sign of a decaying commerce. He took the Board of Trade returns as indicating that excess. If those returns next year showed that the declared value of the exports was £20,000 more than it was this year, while the declared value of the imports remained just the same, he should consider that our position as traders was improved to that extent.

Mr. Commerce.—So that if between now and the end of next year a vessel left these shores with £20,000 worth of British produce or manufactures on board, and that vessel went down with all hands in the middle of the Atlantic, you would consider the country better off to the extent of £20,000?

Witness.—No, I should not.

Mr. Commerce.—But the cargo she carried would be all entered by

the proper officials at the port of departure, and would duly appear in the Board of Trade returns as exports valued at £20,000, would it not?

Witness.—I suppose so, but that is an exceptional case.

Mr. Commerce.—I know it is. I am only trying to show that the conclusions you draw from the Board of Trade returns are not so infallible as you suppose. Let us take another case. The Nancy Lee left Liverpool for New Orleans laden with hardware; she came back laden with cotton. I find that the hardware she took out is set down in the Custom House books at the declared value of £10,000, while the cotton which she brought back is set down at the declared value of £13,200. Taking these two entries as they stand, you would say, I suppose, that they represented a balance of trade against this country of £3200?

Witness.—It appears so.

Mr. Commerce.—No doubt; but let us see what the books of the owners of these two cargoes have to say about the transaction. The cost of conveying the £10,000 worth of hardware to New Orleans—10 per cent. on its value—was £1000, and the duty paid upon it to the United States Customs authorities was £2500; but it sold for £15,500. After meeting all charges, therefore, the owners had £12,000 to dispose of, and this they invested in cotton. The cost of conveying the cotton to Liverpool—again 10 per cent. upon its value—was £1200. Accordingly the cargo figures in the Custom House books at £13,200, but it sold for £15,600. The books of the owners of these two cargoes, therefore, show a profit of £2000 on the sale of the hardware at New Orleans and a profit of £2400 on the sale of the cotton in Liverpool.

Witness.—But you surely do not mean to suggest that the whole of the 1137 million pounds worth of imports which we have brought in during the last ten years in excess of our exports are so much clear profit?

Mr. Commerce.—Not at this moment; that will come directly. What I am now trying to show you is that these Board of Trade returns are a mere register of what is sent out of the country and what comes into it, and are in no sense of the words to be taken as a profit and loss account between Great Britain and the other nations of the world. In the case before us, these returns simply say that Great Britain exported goods to the value of £10,000, and imported goods to the value of £13,200. You at once conclude that she has given £3200 of her capital to the foreigner, that she is living upon her savings, that she is recklessly impoverishing herself, that she is marching headlong to ruin, and I know not what besides. I turn to the books of the owners of the goods, who are Englishmen living in this country, and I find that they have quietly made a profit of £4400. Let us now carry our investigations a step further. You said in your evidence-in-chief that we had in times past invested large sums abroad, and you accounted for our excess of imports by supposing that we were now withdrawing these investments. Does it not occur to you that what we are bringing back is not the sums invested, but merely the interest upon them, which is clear profit?

Witness.—It may be so; I have not considered that point.

Mr. Commerce.—Perhaps you have also failed to take into account the fact that a considerable part of the immense earnings of our shipping trade reaches this country in the shape of imports?

Witness.—That point also has escaped me.

Mr. Commerce.—Then I will ask you no further questions.

FIFTH DAY'S PROCEEDINGS.

The first witness called this morning was Mr. Scrip, stock and share broker, London.

In answer to questions put by Mr. Protection, the witness, said he had no interest in the case now being tried, either one way or the other. He happened, however, to be in court yesterday when Mr. Moody was under cross-examination, and as that gentleman had left unanswered an important question to which, in his opinion, there was a perfectly satisfactory reply, he had tendered his evidence to the plaintiff's solicitors. Mr. Moody had accounted for the excess of our imports over our exports by saying that they represented money which we had in former years invested abroad, but which we were now bringing home again. Upon this he was asked by the learned counsel for the defendant whether he was not aware that what we were bringing home was not the sums invested, but merely the interest on those sums; and he said he did not know. The fact, however, was too important to the issue to be passed over in this way; for, if Mr. Moody was right, then, so far as this excess of imports was concerned, we were clearly living upon our capital, whereas, if Mr. Commerce was right, we were just as clearly living, as we ought to do, upon our profits. Now, his (the witness's) business lay chiefly among foreign securities, and he was able to say, from his own personal knowledge, that as to one great branch of our investments abroad Mr. Moody was undoubtedly correct. The Northern States of America, as was well known, had borrowed largely, and chiefly in England, for the purpose of carrying on their war against the Southern States; and, the North having succeeded, these borrowings were added to the national debt of the United States. This debt reached its highest point in 1866, when it stood at 577 millions sterling. Last year it stood at only 287 millions; and if we were to assume that of the 290 millions which had been paid off in the interim, 150 millions came to England, he thought he should be rather under than over the mark.

Cross-examined by Mr. Commerce: Do I understand you, Mr. Scrip, to be of the opinion that, if America pays her debts to this country, this country is necessarily going to ruin? Not at all; my evidence is simply directed to show that the excess of our imports over our exports represents, as Mr. Moody said, capital, and not, as you said, interest.—But Mr. Moody went a good deal further than that; he said that, inasmuch as our excess of imports represented capital, we were living upon our savings, and that, living upon our savings, we were drifting into

inevitable bankruptcy? With that I have nothing to do; I simply testify to a particular fact.—That being so, let us see what the particular fact is worth. You say that America has paid us off 150 millions since 1866? That is my calculation.—How much do you think she has paid us off in the last ten years? Perhaps half that sum.—You have heard that the excess of our imports over our exports during those ten years amounted to 1137 millions? Yes.—And of this vast total you can only find 75 millions that represented the repayment of capital? I merely gave the case of America as an instance in point.—An instance in point, Mr. Scrip! Do you know of any other nation in the world which, during that period, has paid us back money which we have lent it? On consideration, I cannot say that I do.—On the contrary, is it not a fact that during that period most of the other nations of the world have increased their indebtedness to us? It is.—And if so, is it not more rational to conclude that we have been lending again the capital which America has repaid us than that we have been living upon it? Scarcely, because there has been no such increase in our imports as would account for the payment of interest on new loans, as well as for the repayment of America debt.—But you forget, do you not, that in the meantime some nations which are largely indebted to us—Turkey, Peru, and Spain, for instance—have become insolvent as to their foreign obligations, and have ceased altogether to send us imports in payment of the interest on what they owe us? That certainly had escaped me for a moment.—But it is an all-important factor in the calculation, is it not? It is.—And fully accounts for the somewhat serious discrepancy which you thought you had discovered between my theory and yours, does it not? Pray do not attribute any theory to me; I simply came into the box to speak to the one fact, that America had been paying us not merely interest, but debt.—Quite so; and since facts are what we chiefly want in this inquiry, I am going to invite you to give us a few more, if you can. Have you any idea of the sum which is annually remitted to this country in the shape of interest upon our investments abroad?

Mr. Protection.—I submit, my lord, that this in no way arises out of my examination.

The Judge.—You put the witness in the box to destroy the defendant's theory. I suppose Mr. Commerce is about to make good that theory, if he can, out of the witness's own mouth?

Mr. Commerce.—That is so, my lord.

The Judge.—Then you are entitled to proceed.

Cross-examination continued.—Witness could not say with any pretence to absolute accuracy, but from very careful calculations which he had made quite recently, he had no hesitation in roughly estimating the gross amount annually remitted to this country in payment of interest upon foreign and colonial government loans, and dividends upon shares in foreign and colonial railway and other industrial enterprises, at between 50 and 60 millions sterling. The numberless sums which made up this great aggregate did not of course come here in the shape of hard money; they were remitted in the form of bills of exchange, and these bills represented merchandise.

Mr. Commerce.—So far, therefore, as these 50 or 60 millions of interest on foreign investments are concerned, you have no doubt whatever that they come here in the shape of imports? I never heard the fact disputed by anyone who knew what he was talking about.—Just so; I suppose you would hardly consider yourself an authority on the earnings abroad of the shipping trade? Scarcely.—But you are sufficiently acquainted with the ways of commerce to know that whatever those earnings may be, they would come here in the shape of imports, and not in hard cash? They must do so; foreign countries do not keep immense stocks of gold and silver for international purposes any more than we do. They provide themselves with what they want for circulation purposes—sometimes a little less or a little more, but never much less or much more—and they take special precautions to keep what they have.—So that whatever they pay to this country must in the last resort be paid in imports of goods? Just so.—Now look at that volume of the Board of Trade returns which I have just placed in your hands; what was the total value of our imports for 1884, the last year recorded? 390 millions.—And the total value of our exports for the same year? 295 millions.—So that in that year we imported 95 millions more than we exported? That would be so.—Now, as to between 50 and 60 millions of that excess of imports over exports, you say it represented remittances of interest on our investments abroad? That is my calculation.—Do you think it probable or improbable that the foreign earnings of our shipping trade would represent the greater part of the remainder.

Mr. Protection.—Really, my lord, I must interpose. The witness tells my learned friend frankly enough, that he does not consider himself an authority upon the earnings of the shipping trade, and thereupon my learned friend coolly proceeds to ask him what those earnings are? I submit, my lord, that this is most irregular. No answer that the witness gave upon a question which he confesses he knows nothing about, could by any possibility be twisted into evidence.

The Judge.—I think you are quite right, Mr. Protection.

Mr. Commerce.—Very well, my lord. I merely asked the witness whether, with his knowledge of the ways of commerce generally, it would be incredible to him if a certain fact were accounted for in a certain way. If my friend objects, I must get the evidence upon your lordship's notes in some other way.—To the witness: I have no further question to ask you, Mr. Scrip.

Mr. Protection.—Nor I.

The Judge.—Before you leave the box, Mr. Scrip, I think it would be satisfactory to the jury to know how you make up the total of between 50 and 60 millions which you say is remitted to this country annually in the shape of interest on British investments abroad?

Witness.—With pleasure, my lord. I put down for foreign stocks and bonds 28 millions and a quarter; for colonial government securities, four millions and a quarter; for foreign railways, two millions and a quarter; for railways in British possessions, five millions; for American bonds and shares, four millions and a quarter; and for foreign and

colonial mines, gas and water and miscellaneous undertakings, one million and three quarters. The court will understand that this, after all, is only a rough calculation, but to the best of my judgment it is not far wrong—probably not to the extent of a million either way.

The Judge.—But the items you have given us amount to only 45 millions and three quarters?

Witness.—I do not know how that is, my lord. I am sure the total I gave you at first is right. Oh, I recollect now; that total includes the 10 millions which India annually remits for that part of her official expenditure which is defrayed in this country. This, truly, is not interest on investments; but inasmuch as it comes here in the shape of merchandise, it accounts in precisely the same way for the excess of our imports over our exports.

The Judge.—There is another point, Mr. Scrip, upon which the court would like to have the benefit of your experience. If the interest on these investments abroad is brought home in the shape of commodities, I suppose the sums invested must have gone out in the same way—that is, in the form of exports?

Witness.—Certainly, my lord; they could not have gone out in any other way.

The Judge.—But if the interest amounts to over 45 millions a year, the total of the sums invested must amount to 8 or 10 hundred millions?

The Witness.—No doubt, my lord.

The Judge.—Well, but we are told by the plaintiff's witnesses—and, so far, the statement has not been challenged—that our imports have always exceeded our exports; if so, I want to know how this enormous sum of 8 or 10 hundred millions could get abroad—our exports surely ought to have exceeded our imports at some time or other.

Witness.—Not necessarily, my lord; let me give your lordship an illustration. In 1880, 587,000 tons of coal, valued at £265,000, were exported to India, where, after paying all charges, they realised £900,000. This sum purchased 60,000 tons of jute, the value of which on arrival here was £1,080,000. The coal left this country valued at £265,000; its equivalent, the jute, came home valued at £1,080,000. Now, suppose that we had wanted to lend India that year half a million. Instead of investing the £900,000 in jute, £500,000 of that amount would have been handed over as a loan, and £400,000 would have remained over for investment in jute. This, on arrival in England, would, including freight charges, have been valued at £480,000. We should still show exports £265,000, imports £480,000, an excess of imports over exports of £215,000, although in this very transaction we had lent India half a million sterling.

The Judge.—That explains the matter. The court is indebted to you, Mr. Scrip, for the valuable evidence you have given and for the impartial spirit in which you have answered the questions put to you.

The court then adjourned.

SIXTH DAY'S PROCEEDINGS.

The first witness called on the opening of the court this morning was Mr. Timothy Heelball, a retired manufacturer, and a member of the Fair Trade League. Examined by Mr. Reciprocity, he said he had heard the evidence of the last two or three witnesses, but he had not paid much attention to it. The fact was, he knew nothing and cared nothing about these new-fangled notions of what were called the political economists. He was a plain John Bull, who kept his eyes open and his ears open, and brought his common sense to bear upon what was going on around him. It did not matter to him whether our imports exceeded our exports, or our exports our imports. What he looked at was the practical results. Free trade, for aught he knew, might have made things cheap, but what was the good of that if people had not the money to buy them? (Applause in court, which was at once suppressed). For his part, he had been convinced by a long experience in business that it was better to make things for ourselves, even if it cost us a little more, than it was to get them from abroad. In the first place, it would give more employment to our workpeople, and, if there was more employment, wages would of course go up; so that though things might be dearer, people would be better able to buy them. In the second place, it would create greater diversity of employment, which was always a safe thing. He did not approve of our carrying all our eggs in one basket. If there were more kinds of employment, working people would stand a better chance of getting employed. Thirdly, it would render us less dependent on foreign countries. He confessed that a cold sweat came over him when he lay in bed sometimes, thinking what would happen to this country if we were ever engaged in a great war with Europe or America. Why, we should be starved into submission in a month. Whereas, if we did our best to supply ourselves with what we wanted—if we put our backs into it, growing all we could grow, and making all we could make for our own use—we might snap our fingers at any possible combination of foreign Powers. (Renewed applause, which was again suppressed.) As it was, one native trade after another was being swept out of existence, until, by-and-by, we should be dependent upon the foreigner for everything, except perhaps coal and iron, and some few other things which we could neither wear nor eat. (Laughter.) Already most of our bread came from abroad, and wheat was going more and more out of cultivation in this country every year. It would be the same with our meat supplies, in proportion as the living beasts could be brought over cheaper, or the dead carcasses could be better preserved during transit. The Coventry ribbon trade, which five-and-twenty years ago employed thousands of people scattered over a wide district, comprising many flourishing little towns and villages, had been clean destroyed—wiped out by a stroke of the pen, when Cobden signed his much-bepraised French treaty. The watch trade, the sugar trade, and many other once-flourishing branches of industry were going the same way. He had himself been largely engaged in the boot and shoe manufacture. He did an ex-

tensive wholesale business, employing between 200 and 300 workmen, and he kept something like a dozen retail shops in different towns. But long before he retired from these concerns he had to get all his best makes from France; and since then, he had been told by his successors, things had gone from bad to worse. It was impossible to compete with a country where wages were so much lower and the hours of labour were so much longer. His motto was, live and let live; and if the manufacturers of this country were to be let live, foreign competition must be put on a fair and equal footing by means of import duties. Other nations took good care to protect themselves against competition, and why we should be such fools as not to do the same he could not make out. But of one thing he was sure—if we were only true to ourselves, we might defy all the world to interfere with us. (Applause.)

Cross-examined by Mr. Commerce.—Do you make your own clothes, Mr. Heelball? Certainly not. Or your own furniture? No.—Do you grow your own corn and grind your own flour? No; such questions are ridiculous.—Not quite so ridiculous as you imagine, Mr. Heelball; I am going to ask you now, why you do not do these things yourself? Because they are not my business.—Is that the only reason? I know of no other.—Is it not because you can get them done better and more cheaply for you by other people? Well, at the bottom, I suppose it is.—Just so; and since it is to the bottom of these subjects that we want to get, let me ask you this further question—Why is it that you, who think it so reasonable to get a tailor to make a coat for you because he can do it better and more cheaply than you can do it yourself, should persist in thinking it so unreasonable in other people to get a certain kind of boots and shoes from France, where, on your own showing, they can be made better and more cheaply than in England? In the one case you are speaking of an individual, in the other of a community; you are mixing two different things.—Am I? Let us see. A parish is a community, is it not? Yes.—And in a parish containing 2000 people I suppose you would think it better that there should be certain persons set apart to do the tailoring, and the shoemaking, and the smith's work, and the carpentering, and so on, than that each family should be left to do all these things for itself? Certainly.—And your only reason for so thinking would be that the tailor and the shoemaker and so on would be able to make clothes and shoes and so on cheaper than these articles could be made by persons not trained in such work? I suppose so.—And what you would thus consider true of a village containing 2000 inhabitants, I presume you would also consider true of a county containing 2,000,000 of inhabitants? Certainly.—What! if the shoemaker in one village in that county made shoes better and cheaper than the shoemaker in another village, and undersold him on his own ground? I think I see what you are driving at.—Quite so; you see that I am going from the county to the nation, and from the nation to the world at large? I do, but I don't see how the argument applies.—Then let me show you. You think it quite right that the shoemaker in one village should be allowed to undersell the shoemaker in the other, because your reason tells you it is more to the advantage of the community that 2000 people should be able to buy better shoes at a cheaper rate, than that a single person should be sustained

in carrying on a trade for which he is obviously less fit than some of his neighbours; now why should that principle, which you admit to be right when applied to a community of 2000 people, suddenly become wrong when it is applied to a community of 35 millions of people? Because you now bring in the foreigner.—That is precisely the point I have been gradually working up to; why should our people not be allowed to buy of the foreigner, if he can let them have what they want cheaper and better than they can make it themselves? I have already told you—because it restricts the field of employment for native labour.—But I am not satisfied with that answer; I am going—

Mr. Reciprocity.—I submit, my lord, that it is not my learned friend but the witness who is giving evidence. He must, therefore, take such answers to his questions as are given him, and not frame those answers to suit his own convenience.

Mr. Commerce.—If my learned friend will only have a little patience he will see that I intend nothing irregular. To the witness: I understood you to say that when in business you were yourself a large purchaser of boots made in France? I was obliged to be, or your precious Free Trade would have ruined me.—Well, well, you made a good profit by it, I suppose; but that is not my point. What I want to know is how you paid for your French purchases? I don't quite know what you mean.—In what form did you make remittances to France in discharge of the accounts against you? The firms with whom I dealt used to draw on me.—In other words you gave them bills of exchange? Yes.—And have you any doubt that those bills of exchange were used in France to pay for goods which other French firms had purchased in this country? I can't say anything about that; all I know is that I had to meet the bills in hard cash when they fell due.—But were they presented to you for payment by the firms to which you gave them? Of course, not; they passed through other hands before they got back to me.—That being so, and knowing what you must know about the ways of commerce, have you any doubt that in the course of their travels they were used to pay for commodities which had been grown or made in this country? It might have been so.—Have you any doubt about it? Well, I suppose I have not.—Of course you have not; and, if that were so—if the money with which you purchased boots from France was used by Frenchmen to purchase goods to the same amount from England—how do you make it out that these French purchases of yours restricted the field of employment in this country? Why, the boots that were made in France could not be made here at the same time, could they? No, but the goods that were exchanged for the boots made in France, by means of your bills of exchange, could be made in this country, and this would give employment to native labour, would it not? Sometimes, when the travellers of the French firms came over here, I paid in hard cash.—Even so, it comes to the same thing, does it not? I don't see how.—Why, the gold of which your sovereigns were made was not dug in this country, was it? Of course not.—Then to get it here I suppose we had to send out goods to the places where it was dug, and the making of these goods would again find employment for British labour, would it not? I know nothing about that.—Well, the jury must draw their own conclusions; let us now go

to another point. You stated it as the result of your experience that it was better for us to make things for ourselves even if it cost us a little more, than it was to get them from abroad. One reason you gave for this extraordinary opinion was that we should thereby find more employment for our people. I think however, we have pretty well succeeded in knocking the bottom out of that notion. But you went on to say that if we by this means gave more employment to our people, wages would go up, and, as a consequence, though things might be dearer, it would be easier to purchase them. You mean by all this, I suppose, that if our workmen were protected from foreign competition, the result would be higher wages? I do.—Now France is a protected country, is it not? Yes.—Highly protected? Yes.—But you told us that the reason why France was able to manufacture the best makes of boots, to send them over here, and to undersell you on your own ground, was that the hours of labour were so much longer and the rate of wages so much lower in that country than in this; how do you reconcile this remarkable fact with your still more remarkable theory? I am only here to give evidence; I can't supply you with brains to understand it.

Mr. Commerce.—That is painfully obvious, Mr. Heelball. (Laughter. But you must not get angry with me every time I detect you in an inconsistency, or you will hardly know where you are by the time I have done with you. (Renewed laughter.) Now going on to another point—

The Judge.—I apprehend your cross-examination will occupy some little time yet, Mr. Commerce.

Mr. Commerce.—Yes, my lord; this witness is the embodiment of many false theories and popular fallacies, and I shall have to cross-examine him at some length.

The Judge.—Then I think this will be a convenient point at which to adjourn.

SEVENTH DAY'S PROCEEDINGS.

On the reassembling of the court this morning, Mr. Timothy Heelball again entered the witness box.

Mr. Commerce (continuing his cross-examination): You told us in your examination in chief, Mr. Heelball, that you approved of protective duties because, among other things, they tended to create a greater diversity of employments. If there were more kinds of employment, you said, working people would stand a better chance of getting employed. Did you mean by this that if a protective policy were adopted for this country to-morrow, the number of new employments it would open up would be greater than the number of old employments it would destroy? I had cases in my mind like that of the Coventry ribbon manufacture, where, owing to Free Trade, a large and important industry has been completely wiped out; and I say that it is better we should pay a little more for our ribbons than that a population of ten or twenty thousand people should be deprived of their employment.—Would you also say it

would be better that we should not have had gas than that the candle-makers should have been thrown out of employment, or that we should not have had railways, rather than the stage coachmen, the guards, the ostlers, the innkeepers, and all the different classes of persons who were dependent upon the old coaching system should have been deprived of their customary means of getting a livelihood? Those are different cases: the foreigner does not come in there.—I know he does not, and I fail to see why he should be brought into the argument at all. We did not introduce gas and railways for the benefit of the persons they would employ; we introduced them for the benefit of the community at large. And so with the ribbon trade: we did not take off the duties to benefit France, but to benefit ourselves. Would you levy a tax upon the entire community for ever in order that ten or twenty thousand persons who could not make ribbons so cheaply as we could buy them elsewhere should not be drafted into some other employment in which they would be able to gain an independent livelihood? I don't see why their bread should be taken away to feed a similar population of ribbon weavers over in France.—I am coming to that directly; in the meantime, do you see why bread should be taken away from the entire community to feed them? Yes; they are our own kith and kin, and blood is thicker than water any day.—So it is said; but let us see precisely how much thicker it is in matters of business. If, when you were engaged in the manufacture of boots and shoes, you had had a brother in the leather trade whose hides were always 10 per cent. dearer than anybody else's, would you have continuously given your custom to him in preference to purchasing in the open market? That is the case of an individual; what we are speaking of is the community.—Is it not rather, Mr. Heelball, that in the one case you are putting yourself in the place of the producer; while, in the other, I am putting you in the place of the consumer? That may be so, but I do not see why the consumer should be cared for more than the producer.—Nor do I. I think they should both be left to the care of themselves, but what you want to do is to protect the producer at the cost of the consumer.

Mr. Reciprocity.—Rather, I should say, since every producer is also a consumer, he wants to protect the whole community.

Mr. Commerce.—Rather, I, for my part, should say, since every producer is a consumer of many things while he is a producer of only one, he wants to ruin the whole community.

The Judge.—Had we not better get on with the evidence?

Mr. Commerce.—Perhaps so, my lord. To the witness: Now, Mr. Heelball, after the somewhat lengthy digression into which you have led us, let me bring you back to my original question, which you have not yet answered. Do you think that, if a protective policy were adopted for this country to-morrow, the number of new employments it would open up would be greater than the number of old employments it would destroy? I should say so, certainly.—Let us suppose the Coventry ribbon trade were re-established on its old basis. I suppose you will admit that the ribbons we buy from France, like the boots you used to buy from that country, are paid for in goods which are manufactured, or grown, or dug up in England? I suppose so.—If, then, we ceased to

buy ribbons from France, should we not also cease to sell her the commodities which we now give in exchange for them? We might.—And that being so, would not all the persons engaged in producing those commodities be thrown out of employment? If what you say is true, they would.—So that, instead of one trade suffering, many would suffer? No doubt, but not to the same extent.—Quite so; that opens up a new point to which I was just coming. You would not call the ribbon trade a profitable trade to this country, would you? I know nothing about its profits.—I am not speaking about the profits it yielded to the persons engaged in it; what I mean is that, since the whole community had to be taxed for its support, it could not be considered a profitable industry for the nation at large? I never said it was.—I am aware of that; but you will admit, I suppose, that the trades which, without levying any tax upon the community, turn out the commodities we give in exchange for French ribbons, are profitable industries? In the sense you mean no doubt they are.—Well, then, it comes to this, does it not—that by re-establishing the Coventry ribbon trade upon its old basis you would open up one new channel of employment for native labour which would be unprofitable to the country at large, while you would close several old channels of employment which are profitable to the country at large? It appears so in that particular case. But would it not be so in every case where it was necessary to support the new trade by a protective duty? I do not see why.—Does not the very fact that you are obliged to put on a duty to protect it show that the new trade cannot subsist without a tax levied upon the entire community, and is therefore unprofitable to the country at large? I cannot follow you through all these mazes.

The Judge.—Is that the best answer you can give to what appears to me to be the very plain question put to you by the learned counsel?

Witness.—I can give no other, my lord.

The Judge.—Then the court must draw its own inferences.

Mr. Commerce.—Now, Mr. Heelball, let us go to another and, I hope, the last point on which I shall have to trouble you. You are very much alarmed, are you not, about the position in which this country would be placed with regard to her food supplies in case she should be engaged in a great war with America or with Europe? I am.—To the extent, I think you said, of bursting out into cold perspirations about it in the middle of the night? (Laughter.) Yes, and I do not regard it as being in any sense a laughing matter.—Perhaps not, but you must have done a very large amount of unnecessary cold perspiration during the last forty or fifty years, I should think. (Renewed laughter.) Now, you cannot remember it, of course, but you are aware, from reading your history, that this country was once at war with the great Napoleon? I am.—And that in 1809-10, when the power of that redoubtable potentate had reached its zenith, and his will was law all over the continent, he, by the famous Berlin decrees, declared the British Isles to be in a state of blockade, closed all harbours against ships sailing from this country to European ports, and rendered all English goods and manufactures found in foreign territories liable to confiscation? I have read of those decrees.—Quite so; and have you not also read that at the very time when these decrees were in their fullest force we imported from the continent 2,000,000

quarters of grain, chiefly wheat, 1,000,000 quarters of which came to us direct from France ; while the troops of Napoleon himself were marching through Europe in boots from Northampton—(laughter)—and great coats from Leeds? (Renewed laughter.) Yes, I think I have.—And yet you break out into a cold perspiration whenever a disordered liver bids you dream of the advent upon the European stage of another Napoleon! (Laughter.) If we were always at war with all Europe and America there might be something in your policy of isolation, but how often in the whole course of our history have we been so circumstanced? Not often, it must be confessed ; but we cannot tell what may happen in the future.—Quite so ; then where is the wisdom of voluntarily inflicting upon ourselves for all time the inconveniences and the losses which only such a war could bring about?

The Judge.—I do not gather that he admits the inconveniences and losses of which you are speaking, Mr. Commerce. His case is that a protective system would be an advantage to this country in times of peace as well as a defensive measure in times of war.

Mr. Commerce.—That may be in his case, my lord ; but I shall soon show, out of his own mouth, that it is not the fact.—To the Witness : You tell us that Protection finds more and Free Trade less employment for the people ; how do you arrive at that view of the case. By exercising my reason upon what I see going on around me.—Just take those books in your hand ; they are the Statistical Abstracts of the United Kingdom from 1840 to 1884, officially prepared for presentation to both Houses of Parliament by the Board of Trade. We began our Free Trade policy by the repeal of the Corn Laws in 1846, did we not? Yes.—Turn to the census tables and tell me what was our population in 1841. 26 millions.—And in 1881? 35 millions.—Now turn to the Poor-law statistics. The first return was made in 1849 ; how many paupers, exclusive of vagrants, had we to support in that year? 934,000.—How many in 1884? 784,000. Turn next to the statistics of crime ; how many convictions were there in 1841? 32,234.—How many in 1884? 14,757. So that while our population has been going up from 26 to 35 millions, our pauperism has fallen from 934,000 to 784,000, and our crime has decreased by more than one-half ! Now turn to the shipping statistics. What was the total tonnage of all vessels entering and clearing at British ports for foreign countries and British possessions in 1841? 9,418,000.—And what was it in 1884? 32,584,000.—Turn next to the statistics of our foreign trade. What was its total amount in 1841? 110 millions.—And in 1884? 685 millions.—Now turn to the statistics relating to property and profits assessed to the income tax. What was the amount in 1843, the first year when the tax was levied? 251 millions sterling.—What was it in 1884? 628 millions.—Now let us see how the working classes—these poor people who are being constantly thrown out of employment in large batches—have got on. Turn to the statistics of the savings banks. What was the total amount on deposit in 1841? 24 millions.—And in 1884? 91 millions. Well, now, those figures do not come out so badly, do they, for a country which is fast going to ruin under a Free Trade policy?

Mr. Reciprocity.—My learned friend forgets that the age of steam and electricity has been coincident with the age of Free Trade.

Mr. Commerce.—My learned friend's reminder is kind ; let me return the compliment by directing his attention to the fact that in no country in the world in which the age of steam and electricity has been coincident with the age of Protection has there been anything like the progress there has been in this country.

The Judge.—Have you finished with the witness ?

Mr. Commerce.—I have, my lord. Stay, there is just one question which I have overlooked.—To the Witness: Your boot factory, where you employed 300 hands, Mr. Heelball, is that being still carried on by your successors ? It is.—And are there as many hands employed as there were in your time ? Yes.—More ? I believe so.—Many more ? I could not say.—Are there 400 ? I really cannot say ; the business has improved, that is all I know.—But what do all these bootmakers do, now that you are obliged to get your best makes, as you term them, from France ? They do the heavier work, which we cannot get so well done abroad.—So far as your business is concerned, then, Free Trade has improved rather than injured it ? I do not know about that.—At all events, it has not ruined you ? Not quite. (Laughter.)

Mr. Commerce.—That is all, my lord.

Mr. Reciprocity.—I have no question to ask.

EIGHTH DAY'S PROCEEDINGS.

The interest in this important case was considerably enhanced to-day by an extraordinary dispute between the plaintiff and his counsel. On more than one occasion during the progress of the trial, the proceedings have been temporarily delayed by what was evidently an animated controversy between Mr. Fair Trade and the legal gentlemen who represented him ; but any little difficulty that may hitherto have arisen in this way has apparently been settled without an appeal to the court. On the learned judge taking his seat this morning, however, these underground misunderstandings culminated in an open rupture.

Mr. Fair Trade, rising in the place he has all along occupied below the bar, in company with his solicitors, said he wished to take his lordship's opinion upon the way in which his case was being conducted.

The Judge.—May I ask who you are, sir.

Mr. Fair Trade.—I am the plaintiff in this action, my lord.

The Judge.—Then, unless you have evidence to tender—in which case you must go into the witness box—I can only hear you through your counsel.

The Plaintiff.—But, my lord, it is against my counsel that I wish to make a complaint.

The Judge.—Such a proceeding is very irregular, and as a matter of prudence, I should strongly advise you to leave yourself in the hands of your counsel. They are gentlemen of experience, and are likely to know far better than you do what is the wiser course to pursue.

The Plaintiff.—This, my lord, is not a question of prudence ; it is a question of principle. I have brought this action in the interests of Fair Trade ; my counsel persist in conducting it as if it were brought in the interests of Protection. On the Fair Trade principle, I believe I have a good case ; whereas Protection pure and simple is open to many prejudices.

The Judge.—I cannot allow you to go into an argument. To the plaintiff's counsel : What do you say to this, Mr. Protection ?

Mr. Protection.—I say the same as your lordship, that it is a matter within the discretion of counsel. The distinctions which my client draws between Fair Trade and Protection appear to me to lie only on the surface ; at bottom the two things are one. They may differ in degree, but they are the same in kind ; and in the exercise of my judgment, I think it wiser to go to the root of the matter than to leave it open to my learned friends on the other side to turn round upon me by and by and say that while I have been fighting in the armour of Fair Trade, I have been in reality fighting the battle of Protection. This would be to give them an advantage over me which, in my opinion, might prove fatal to the case. At the same time, if my client is dissatisfied, I shall very willingly, as I have told him over and over again, surrender my brief.

The Judge (to the plaintiff).—You hear what your counsel says ?

The Plaintiff.—I hear what Mr. Protection says, my lord ; but, if you will ask them, I do not think you will find that either Mr. Reciprocity or Mr. Retaliation are of the same opinion.

The Judge.—I cannot go into that. To Mr. Protection : Perhaps the better course will be to allow the plaintiff to go into the witness-box and state his own case. You can then decide whether or not it is consistent with your duty to your client to take so extreme a measure as surrendering your brief.

Mr. Protection.—Be it so, my lord.

The plaintiff then went into the witness-box and was sworn.

The Judge.—Now tell us as succinctly as you can what is the special feature of the case which you wish to bring before the court ; after that, your examination can be proceeded with in the usual way.

The Plaintiff.—My case, my lord, is that a policy of Protection, pure and simple, would not be likely to succeed, but that a policy of Reciprocity, or what is often called Fair Trade, would lead to good results and be beneficial to the country. Free-Traders-at-any-price will persist in maintaining, like my learned relative and counsel, that Reciprocity and Protection are one and the same thing. To my mind, there is a wide difference. A protective policy, pure and simple, means that duties are imposed upon certain goods, no matter from whence they come ; and that such duties are imposed, not with a view of improving our export trade, but purely with a view to protect native industries. This may be a good or a bad policy. As to that I say nothing ; all I wish to point out is that it is not the policy I am here to contend for. On the other hand, I understand the meaning of a policy of Reciprocity or Fair Trade to be that we enter into treaties of commerce with certain nations, such treaties having for their object the interchange of commodities on a fair and equitable basis, such as an agreement that in exchange for our taking from any foreign nation, or from our colonies or possessions, any goods which

they can produce cheaper than we can, or of which they produce more than they can consume themselves, they in exchange take our manufactures or produce on similar terms; and of course the merchandise of such nations as refuse to enter into such treaties must be taxed to a greater or less extent, otherwise there would be no inducement to treat with us at all. There is not only a palpable and clear distinction here between the two policies, but also a vital difference. To illustrate my point, let us suppose that Canada, Australia, and Russia agree to take from us coals, iron, and steel, free of duty, on condition that we admit their corn and other produce free into our ports; that is Reciprocity or Fair Trade. But suppose these countries refuse to admit our goods free, and yet we continue to admit their corn or other produce free, that is one-sided Free Trade. But should we decide to tax all corn, whencesoever it comes and whether the countries sending it take our goods free or not, that is Protection. I trust these explanations will make the matter clear to the most rabid partisan of one-sided Free Trade; if not, I must confess I can do nothing more to clear away the cobwebs from his obtuse brain.

Cross-examined by Mr. Commerce.—You are rather hard upon my learned friend, who confesses that upon this point he is just as obtuse as the rabid Free-traders—(laughter)—but tell me—Supposing that in consequence of this policy of yours bread were to go up twopence a loaf, do you imagine it would be any consolation to the poor, who have to purchase bread, to know that the duty which led to that rise was not put on with a view to protect our industries, but that its purpose was to improve our export trade? If they were sensible it would.—Why, if they were sensible? Because they would know it had been done in their own interest.—But what does it matter in whose interest it is done, if they have to pay the twopence? They would know it would not last long.—How would they know that? They would have the same means of knowing as other people.—No doubt, but what means of knowing would other people have? My case is that, if you admit free of duty the goods of only such nations as admit our goods free of duty, you will very soon get rid of duties all round.—But supposing you are wrong? Then, of course, my argument falls to the ground.—But not the twopence which in the meantime you have put upon every poor man's loaf? It was your suggestion that twopence would be put upon every poor man's loaf, not mine.—Anyhow it was a suggestion which you accepted readily enough, feeling, no doubt, that it rather under-represented than over-represented the case. But let that pass for a moment. We have now been a free-trading nation for forty years. During all that time we have held out to the world at large an example which the world at large has failed to follow. Tell me, then; supposing we were to reverse our policy to-morrow, which do you think would be the more likely to happen—that the world at large would be suddenly converted to Free Trade, or that the very fact that we had at length abandoned it would lead other nations to adhere all the more obstinately to the principles of Protection? I am not proposing to reverse our policy; I am only proposing that we should proceed to make a series of commercial treaties.—But, putting aside the difficulty of getting rid of all existing treaties—of which we have many based upon our present system—how would you begin? That must be left to the Government of the

day.—Well, but if you are going to offer an inducement, you must have something to give. If you go to other nations and say "Provided you will admit our goods free, we will do the same by yours," their answer would naturally be "Thank you for nothing; you admit our goods free already." In order, therefore, to establish a basis for negotiation you must begin by putting duties on our imports all round, must you not? Practically, I suppose it would come to that.—And that being so, in what particular way do you conceive that duties put on for this purpose would be less severely felt by the British consumer than duties put on for purely protective purposes? I do not say they would be less severely felt.—Wherein, then, so far as the consumer is concerned, lies the distinction which you have tried to draw between them? I say that the duty put on in the interest of Fair Trade will be less lasting than a duty put on in the interest of Protection. The one can be taken off when it has done its work; the work of the other is never done.—But, as the whole history of the Free Trade movement shows, we can abolish protective duties when we please; whereas, if we enter into these treaties of commerce of which you speak, our power to take off duties put on in the interest of Fair Trade must depend entirely upon the action of foreign countries, must it not? I do not see that.—Not see it! Let us suppose that in the interests of Fair Trade we have put a duty on all foreign corn, and that, in consideration of our remitting this duty in her favour, Russia has made a treaty with us admitting, as you have said, our coals, and iron, and steel free. Let us further suppose that no other nation has similarly come to terms with us. Do you suggest that in these circumstances we should be at liberty to abolish our duty on corn all round? I do not see why not.—Do you think Russia would stand it—would it be fair to her, after she had admitted our goods free of duty on consideration that we gave her a monopoly of our foreign corn supply, to destroy that monopoly by opening our ports freely to all the world? Looked at in that light, I suppose it would not.—Well then, am I not right in saying that under such a system we should no longer be master of our own policy, but should have to retain duties or take them off according as we were required or permitted to do so by the action of foreign Powers? I suppose that would be so.—And that is a course which you recommend for the adoption of Great Britain, the greatest trading nation and the most independent Power in the world? Only as an expedient—a means to an end.—An end, however, which you admit may never be achieved.

Mr. Reciprocity.—But an end which he believes can be achieved by no other policy.

Mr. Commerce.—Let us see then what that end is, and whether it is worth achieving. To the witness: We will now suppose, if you please, that the Government of the day have formally adopted your policy of Fair Trade, and have commenced operations by putting import duties upon everything that enters this country from abroad.

The Judge.—You are now entering upon a new branch of the subject.

Mr. Commerce.—Yes, my lord.

The Judge.—Then I think it would be convenient as this point to adjourn.

NINTH DAY'S PROCEEDINGS.

On the court resuming its sittings Mr. Fair Trade, the plaintiff, again entered the witness box, and his cross-examination by Mr. Commerce was proceeded with.

Mr. Commerce.—When the court adjourned yesterday, Mr. Fair Trade we were on the point of assuming that the Government of the day had adopted your principles, and, as a preliminary to their negotiations with foreign Powers for commercial treaties, had put a duty upon everything coming in from abroad. Now, I want you to be good enough, in the first place, to tell us in what way, for the time being—that is, while these treaties were being negotiated—our population would be better off under this state of things than they would be under a protective system pure and simple? I do not see why we should begin by putting a duty on everything coming in from abroad; I should hesitate, for instance, to put a duty on our supplies of food till I saw how the thing worked.—So this is only a gigantic experiment of yours in which you are going to risk the lives and fortunes of men in order to see what comes of it! Be it so, but do not forget that it was you who proposed to put a duty on our food supplies. The single case you gave in illustration of your theory was that of using a duty on corn to induce Canada, Australia, or Russia to admit our coal and iron and steel free of duty. Was that not so? No doubt but I was somewhat hasty in that matter, and, on consideration, I should like to amend my evidence. I would begin by putting a duty on manufactured articles only.—You have been reflecting during the night upon where your theory would lead you, I suppose? Perhaps I have.—I thought so; but why would you begin by putting a duty on manufactured articles only? Because these come most seriously into competition with our own industries.—But is not that an argument in favour of Protection pure and simple? I do not see that it is any the worse for that.—So, then, your learned counsel was not so entirely wrong, after all, in regarding your theories as having their fundamental basis in the principles of Protection? I do not admit that.

The Judge.—The jury will no doubt draw their own conclusions upon the point.

Cross-examination by Mr. Commerce continued.—You are aware, I suppose, Mr. Fair Trade, that our total imports amount, in round figures, to about 400 millions per annum? Yes.—And are you also aware that the portion of those imports which consists of manufactured articles do not total up to more than 45 millions? I believe that that is so.—Then, this 45 millions alone constitutes the wonderful key with which you are going to unlock all the ports of the world! You are going to frighten foreign nations into a Free Trade policy by putting duties upon only one-ninth of

our imports! Tell me, do you not yourself think that such a proposal is a little too ridiculous for serious discussion? I only said that I would begin with the 45 millions; if that did not succeed I would go further. Do not trifle with a great question, sir, nor waste the time of the court and jury with idle subterfuges; tell us, without any circumlocution, whether, in the first place, you are prepared to put a duty upon everything that enters this country; and then tell us in equally unmistakable terms, whether, in the second place, if you did put a duty on everything that enter this country, it would be solely with the view of bringing down foreign tariffs, or in the secret belief that, whatever might be its effects upon foreign tariffs, it would benefit our industries by protecting them?

The Judge.—One question at a time, Mr. Commerce; one question at a time, or the court cannot follow you.

Mr. Commerce.—I really beg your lordship's pardon; but I find it almost impossible to keep this witness in the same position for two consecutive minutes by asking him only one question at a time. He is like an acrobat—no sooner off one leg than he is balancing himself on the other. (Laughter.)

Mr. Reciprocity.—My learned friend should not try to put answers into the witness's mouth; he should take the answers that are given him.

Mr. Commerce.—Very well, then, I will go at once to what your learned leader has himself termed the root of the matter.—To the Witness: Tell me, Mr. Fair Trade, is Protection pure and simple hateful to you? I cannot say that it is.—Are you in favour of it? I should not object to Free Trade if it were adopted by all other nations; what I object to is one-sided Free Trade.—Answer my question, sir. Are you in favour of a policy of Protection for this country, or are you not? Until other nations adopt Free Trade, I am in favour of a policy of Protection for this country.—Then, why could you not say so at first without attempting to throw dust in the eyes of the court and jury by indulging in all those fine-drawn distinctions between duties put on for the improvement of our export trade and duties put on for the protection of our industries? Because, in the case of those countries which allowed our goods to enter free of duty, I would remit the duties I had put on.—But in order to induce these countries to admit our goods free of duty in the first instance you would begin by putting duties upon everything that entered this country? If it were necessary, I would.—And if doing so did not bring them to terms, would you continue the duties you had put on in this country, or would you, when your experiment had failed, revert to the old state of things? I should consider what was best to be done when the time came.—But as at present advised you would stick to the duties? I think I should.—Why? Among other reasons, for these two chiefly—first, because the imposition of duties tends to equalise the conditions of production, without which there cannot be fair competition; and, secondly, because, without duties, native industry is taxed, while the foreign competitor escapes taxation.

The Judge.—You now see, I trust, how much better it would have been to follow the advice of your learned counsel. Accepting Protection

pure and simple as a basis, you are able to proceed upon fixed principles.

The Plaintiff.—I confess, my lord, that I am more reconciled to that view of the case than I was, but I do not quite clearly see the advantages of it even yet.

The Judge.—Well, well, let us hope you are undergoing a useful process of education. (Laughter.)

Cross-examination by Mr. Commerce continued. What do you mean, Mr. Fair Trade, by the phrase “equalising the conditions of production?” I mean this—we have had before us the case of the Coventry ribbon trade, which broke down as soon as the import duties on French ribbons were struck off. The reason of that breakdown was that the raw material and labour employed in the manufacture of ribbons can be obtained more cheaply in France than they can be obtained in this country. Now, in that case, and in all similar cases, I would put such a duty on the foreign article as would raise its price to the level of what it would cost to produce in this country.—Very well; let us see how that doctrine works out. Oranges from Portugal can be bought in this country for a penny a-piece, can they not? No doubt.—But oranges can be easily grown under glass in the southern parts of England—say, in Cornwall? No doubt.—Now, suppose it came into the heads of certain Cornish speculators to devote themselves to the production of oranges, and suppose that, owing to the cost of keeping up the necessary conservatories, they could not afford to sell the oranges they grew at less than a shilling each, would you, by way of equalising the conditions of production, put a duty of elevenpence upon every orange entering this country from Portugal? That is a very extreme case.—It is because it is an extreme case that I ventured to put it to you; extreme cases test the value of principles. In what way does the Cornish orange case differ from the Coventry ribbon case, except in the larger amount of the duty which it is necessary to impose, in order to equalise the conditions of production? I cannot for the moment say.—Nor will you be able to, if you think over it till doomsday. Now, let us look a little further into what you term the conditions of production. I suppose you will admit that nature co-operates with labour in the creation of a production? I do not quite follow you.—Well, the sun ripens oranges in Portugal, and so assists the cultivator in producing them? No doubt.—And the earth yields coal and iron and flux in this country, and so assists the British manufacturer in producing the articles which he sends all over the world? No doubt.—It is true, then, as I said, is it not, that nature co-operates with labour in the creation of a production? Certainly.—Then is not this also true, that the part which nature contributes is always gratuitous; while it is only the part which is added by labour that gives the production its value, and requires payment? I suppose that is so.—That being so, if a Lisbon orange is sold for one-twelfth the price of a Cornish orange, it is because a natural, and therefore gratuitous, heat ripens the one, while the other is forced by an artificial, and therefore expensive, heat, Yes.—Consequently, when an orange arrives from Portugal, we can say that eleven-twelfths of it is given to us gratuitously, and one-twelfth of it as a return for labour? I see nothing wrong in that.—Accordingly, when a

product comes to us from abroad which we can purchase cheaper than we can make it here, the difference is a gratuitous gift conferred upon us, is it not? I suppose it is.—Then why should you reject that gift—why should you, by putting a duty upon it, say in effect I will not receive it unless you let me pay as much for it as it would cost me if I had to produce it by my own labour alone? In order to find employment for native labour.—But is not that a very wasteful proceeding? I do not see it.—Not see that if you took the gift and diverted your native labour into other channels you would be so much the richer? It is not so easy to divert labour into other channels.—I am not speaking about the ease with which it can be done; if you take a wrong road when upon a journey you must put up with the inconvenience of getting into the right one. What I am asking is whether it is not better to divert labour into new channels than to waste it? All other things being equal, no doubt it is, but it is very hard for the labourers while the process is going on.—There I am quite with you. But what we are dealing with in this case is the welfare of the community at large; and what I am trying to get you to see is that in these days of competition it would be suicidal in us to waste the labour of our people in producing articles which are either wholly or in part presented to us gratuitously by nature through the instrumentality of foreign nations. Nature does not equalise the conditions of production for the people of one nation alone. She gives advantages to one country which she withholds from others. It is fatuous in us to attempt to improve her work; we must adapt ourselves to the abundant provision she has made for supplying our wants.

The Judge.—I am sorry to interrupt you upon so interesting a theme, Mr. Commerce; but I must remind you that your time for making a speech has not come yet. (Laughter.)

Mr. Commerce.—I beg your lordship's pardon. As the hour is getting late, and as it will take me some time to deal with the taxation question, perhaps it would be convenient at this point to adjourn.

The Judge.—Let it be so, then.

Mr. Commerce.—There is just one question I have forgotten, which belongs to this branch of the case. To the witness: Do you know what ultimately became of the population which was thrown out of employment by the break-down of the Coventry ribbon trade? I do not.—There was very sharp distress for a time, I believe, but eventually they found new outlets for their labour? I apprehend that was so.—So that if you wanted to set up the ribbon trade at Coventry again you would have to train a new race of workpeople? No doubt.—Thus showing that the industry could not live without the duty? Quite so.—And that though it was destroyed, nobody to-day is any the worse off? Probably.—But that in consequence of that destruction the whole community is better off to the extent of the tax from which it was thereby relieved? No answer.

The court then adjourned.

TENTH DAY'S PROCEEDINGS.

On the re-assembling of the court, the plaintiff, Mr. Fair Trade, again entered the witness box, this being the third day of his cross-examination at the hands of Mr. Commerce, the leading counsel for the defendant.

Mr. Commerce.—You told us, Mr. Fair Trade, that one of the chief reasons why you were in favour of a protective system was that without duties the native producer was taxed while his foreign competitor escaped taxation? I did.—In what way do you mean that the native producer is taxed? I mean, of course, that he has to pay the property tax, the income tax, and local rates of all kinds.—Just like all the rest of us? Quite so.—But this kind of taxation is merely a payment for the maintenance of public ways, the preservation of law and order, and the purposes of good government generally, is it not? No doubt.—And as these may all be looked upon as in some way aiding the work of production and distribution, the manufacturer who pays for them gets value for his money, does he not? He is supposed to do so.—Then why should he expect the foreigner to pay a part of the cost? Because if the foreigner pays nothing the native manufacturer is heavily handicapped against him in the race of competition.—But you do not suppose that the foreigner is allowed to escape the payment of similar rates and taxes in his own country do you? I suppose not.—Then where is the unfairness? He ought to pay taxes here if he is allowed to trade here.—So he does if he does trade here, does he not? Not if he pays no duties.—Well, but if he sets up a house of business here, or keeps agents or travellers here, he is taxed just like a native, is he not? In that case he would be, no doubt.—And if he carries on his business through an English house he is taxed through the English house, is he not? I suppose so, but he is not taxed to the same extent as he would be if he manufactured here.—Of course not, because he does not manufacture here; here he is only a merchant. But, going to another point, do I gather from what you have said that you suppose import duties on foreign goods are paid by the foreigner? Certainly.—Then probably, like Lord Randolph Churchill, you would tax imports in order to bestow the sums thus obtained “in relief of local taxation?” In relief of local or imperial taxation, it matters not which.—But are you really serious in saying that in your belief import duties are paid by the foreigner? I was never more serious in my life.—Nor more absurdly wrong, let us hope. Now follow me for a moment. We send salt to Russia. At Nantwich this salt is priced at 10s. a ton. It costs 5s. a ton to convey it to Russia. When it gets to St. Petersburg or Odessa, as the case may be, it is taxed £2 10s. a ton. It is afterwards sold in Russia at, say, £3 15s. a ton. Who pays the tax? In that particular case I suppose it is paid in part by the Russian consumer.—Paid in part by the Russian consumer! Why, the salt itself is only worth 10s., and that is what the Nantwich manufacturer gets for it. How, then, can you pretend to say that any part of the duty of £2 10s. is paid by him? That is a very extreme case.—No doubt; but, like the extreme case of the Cornish oranges, it tests the principle. Now, tell me, is it not the object of a protective duty, as you have said, to raise

the price of the imported article to the level of what it would cost to produce it in this country? Certainly.—So that if France could send us boots at 15s. a pair, which we could not make for less than £1 a pair, you would put a duty of 5s. on the French boots? That is the principle.—But if the French manufacturer paid the 5s. duty, the English purchaser would still be able to get the boots at 15s., would he not? On consideration, I suppose he would.—Then what is the use of putting on the duty? The use lies in this, that the French manufacturer would not send the boots if he had to pay the duty.—But if he did send them, the English purchaser would have to pay £1 for them, would he not? I suppose he would.—And in that case he, and not the French manufacturer, would pay the duty? Yes.—Then why should not the French manufacturer send the boots? Because he could no longer undersell the English manufacturer.—That is another point; what we are now upon is who pays the 5s. supposing the French manufacturer does send the boots. Is it not the English purchaser? I suppose it is.—You suppose it is! Why not say “of course it is?” Because the point is new to me.—New or not, is it not obvious that if the effect of the duty is to raise the price of the article to the consumer by the amount of the duty, it is the consumer who pays the duty and not the foreign manufacturer? It certainly appears so.—What nonsense it is then to talk about taxing the foreigner through the medium of import duties, when the person you are really taxing is your own native consumer.

The Judge: What is there in the point raised by the witness, on the authority, as I understand, of Lord Randolph Churchill, about meeting local taxation out of the product of import duties?

Mr. Commerce: I was just coming to that, my lord. To the witness: The object of the duties is to keep out the goods of the foreigner, is it not? Yes.—And unless you keep out the goods of the foreigner the duties do not adequately fulfil their purpose? Not completely.—But, if you succeed in keeping out the goods of the foreigner, there will be no duties paid? No.—And if no duties are paid there will be nothing to go in relief of local or any other taxation. I abandon that point; I never thought there was much in it, and I think, on reflection, that it was you who put it into my mouth.—Perhaps so, but it was you who swallowed it, and with great avidity. (Laughter.) Now, Mr. Fair Trade, you have displayed a good deal of industry in searching for the supposed disadvantages of a large inflow of foreign productions into this country; have you ever considered whether, even if there were some disadvantages connected with the process, there are not also some advantages to set over against them? I do not know what they are.—Then let me try to show you. Do you not think cheap food is an advantage to the people of this country? Certainly, if the people of this country have money to buy it.—Do you not think cheap raw material, since it enables the British manufacturer who makes it up to compete on better terms with the foreigner in his own market, is an advantage? It would be if the foreigner were not allowed to compete with us on our ground.—But don't you think it better that the foreigner should be allowed to compete with us here, than that we should be shut out from all the markets of the world? I am not able to strike the balance of advantages with such nicety.—Well, then, let us see whether,

independent of the advantages we gain in competition with the foreigner on his own ground, there are not also some advantages in letting him compete with us on our own ground. Under our present free trade system the productions of all the world come here, do they not? Unfortunately they do.—Say “fortunately,” and you would be nearer the mark. But not to anticipate. In consequence of opening her ports freely to all merchandise, no matter whence it comes, this country has become the emporium of the world, has it not? I do not quite know what you mean by the emporium of the world.—Why, that foreigners from all parts who want the cheapest market come here to buy? Possibly they may.—But are you not aware that they do? Are you not aware that the foreign merchant coming to Europe from Brazil or Peru, or the colonial merchant coming to Europe from Canada or the Cape, can get in London all he wants of the productions of France, of Germany, of Switzerland, of Spain, of Sweden, of Norway, of, in short, every country, civilised or uncivilised, in the known world, without going any further afield? I suppose he can.—And do you think it of no advantage to this country that he should be able to do this—of no advantage that our merchants should make their profit out of his purchases, of no advantage that his purchases should be gathered together in this country and shipped from this country, of no advantage that the bulk of his personal as well as of his business expenditure should during his stay in Europe be incurred in this country? Looked at in that light, I suppose the system has its advantages.

The Judge.—Is it your opinion that these advantages would continue under the system which you term Fair Trade?

Plaintiff.—It entirely depends, my lord, upon the number of nations that could be induced to open their ports to us, because in the case of such nations everything would remain as it is now.

Mr. Commerce.—But in the case of all nations which refused to open their ports to us the case would be entirely different, would it not? I presume so.—And the foreigner would have to buy what he wanted elsewhere, instead of coming here to make his purchases? No doubt.—Now, in dealing with the advantages that we gain through the foreigner coming here to buy, we have touched incidentally, but only incidentally, upon another class of advantages—I mean those which we gain through the productions of the foreigner being sent here for sale. Your idea seems to be that the transactions of our import trade are as simple as those of a retail shop—that, in other words, having asked for what we want and put down our money, which the foreigner promptly sweeps into his till, we take up our article and go away to eat or wear it. But are you not aware that, so far from this view of the case being true, the goods which the foreigner sends here for sale, besides yielding profit over and over again to our capitalists, give employment to countless thousands of our workpeople? I suppose that to a certain extent that is so.—To a certain extent! Do not be so grudging in your admissions. The raw material which is sent here, say cotton for instance, is it not worked up into fabrics which are sent out for sale all over the world? No doubt.—And as to the manufactured articles, are they not, like the raw material, brought over in British ships? For the most part no doubt they are.—Are they not consigned to British merchants who, having made their profit, pass

them on to wholesale houses, who, having made their profit, pass them on either to foreign buyers or to retail tradesmen at home here? No doubt.—And do not these passings to and fro give employment to railway companies, carriers, agents, commercial travellers, clerks, shop assistants, and workpeople of all classes and descriptions? It cannot be denied.—And with the ultimate result that the great masses of our people get the goods cheaper than they can be made at home here? I admit all that.—Then why do you want to change the system? I want other nations to admit our goods as freely as we admit theirs.—So do I; but if they won't? Then I would try to make them by refusing to admit their goods free.—What! And surrender all these advantages of which we have been speaking? Other nations seem to prosper under a protective system, and I do not see why we should not.—Do they? I shall have to ask you for a few details upon that point by-and-bye. But I want now to put to you this question—Assuming that, while it would be a great advantage to us if all foreign nations would open their ports freely to our merchandise, it is, apart from this consideration, of no small advantage to us to open our own ports freely to the merchandise of all foreign nations, would you think it wise to throw away the lesser advantage because you could not obtain the greater? I would forego the lesser advantage for the time being, in order to obtain the greater if I could.—In other words, you would let the bird in hand fly in the vain hope of capturing the two in the bush.

The cross-examination of the plaintiff was at this point suspended, and the court adjourned.

ELEVENTH DAY'S PROCEEDINGS.

On the opening of the court this morning, Mr. Fair Trade, the plaintiff, again entered the witness-box, and Mr. Commerce resumed his cross-examination.

Mr. Commerce: You told us yesterday, Mr. Fair Trade, that other nations had prospered under a protective system; I am going to test that view of the case. The books that are being handed to you by the officer of the court are the official trade returns of Great Britain and the other leading countries of the world for the year 1883—the latest of which we have the materials for making a comparison. They are placed in the order in which my questions will be put, and I have had a marker inserted between the pages to which I shall refer you, so that there may be no unnecessary loss of time. Now what did the total foreign trade of Great Britain amount to in 1883? £305 millions.—That is only the exports, is it? That is all.—I asked you for the total; to get that you must include the imports, must you not? But the imports are what we buy.—Exactly; to sell again and make a profit by them, as we saw yesterday. Now, what is the total of our trade in 1883? £732 millions.—Just so; and the next nation on the list, what was its total trade in that year?

France appears to come next with a total, including imports as well as exports, of £330 millions.—Less than one-half that of Great Britain! And the next? The German Empire with £326 millions.—Including imports as well as exports? Yes.—So that the total trade of protected Germany, with its population of 45 millions, was only a little more than the export trade alone of Great Britain with its 35 millions of population.—The next? The United States with £318 millions.—After that there is no nation, I think, that comes up to £200 millions? It appears so.—Now turn to the details. The total trade of France with all the world was £330 millions; how much of that trade came to this country? £64 millions. Nearly one-fifth. How much of Germany's £326 millions did we get? £51 millions.—Nearly one-sixth. How much of the United States' £318 millions? £126 millions.—Getting on towards one-half, you see. What about Russia? There is nothing later for Russia than 1882.—Well, how did we stand in the trade of Russia for that year? £53 millions out of a total of £175 millions. Now, without going into the particulars in each instance, just run your eye down the totals for all the remaining nations, and tell me whether, in regard to the trade of this country with every one of them, it is not a case of "Eclipse first and the rest nowhere?" It appears so, indeed.—Then what do you mean by talking of the prosperity of protected countries, as if it were in any degree equal to the prosperity of this country, when the two things are not to be spoken of in the same breath? I have not seen these figures before.—But ought you not to have taken some means of seeing them before coming here to take away the character of my client? Perhaps the document I now hand you is also new to you; it is the report of the German Chambers of Commerce after one year's experience of their new tariff. Will you be good enough to read to the court and jury the passage I have marked? I have no objection. This is it, I suppose:—"The high duties have greatly enhanced the cost of the necessaries of life, while instead of wages rising, as was predicted, they have either remained stationary or declined, and the condition of the German workmen has consequently materially deteriorated. Nor has the trade of Germany benefitted any more than the workmen by the new policy. A small number of large industries and joint-stock companies may have derived some advantage from the new duties; but in the great majority of trades the tariff has proved not a protection but a burden. The people have found that import duties fall upon the consumers, and not upon the foreign sellers."

Mr. Protection.—I am very reluctant, my lord, to interfere with my learned friend in a course of cross-examination which is so eminently satisfactory to himself, but I think it right to call the attention of the court to the fact that as yet we have no proof of the authenticity of all these documents which are being put into the witness's hand.

Mr. Commerce.—Does my learned friend dispute their authenticity?

Mr. Protection.—That is not the point; what I say is that we have no proof of it.

The Judge.—Formal proof is surely not necessary at this stage of the case. The learned counsel, as I understand it, is not putting in these

documents as evidence. He is merely using them as a basis for cross-examination—which he is clearly entitled to do. If he thinks it right to put them in when the proper time comes, as part of his case, I presume he will do so in the regular way.

Mr. Commerce.—Precisely so, my lord. To the Witness: Now Mr. Fair Trade, as you do not seem to be acquainted with facts so easily accessible as those to which I have been directing your attention, may I, without offence, ask you if you have any knowledge at all that is worth having about the industrial condition of the countries which you say have got on so prosperously under the protective system? I have casually visited some of these countries, but most of my knowledge is derived from the publications of the Fair Trade League, and from the daily papers.—Have you, in the course of your extensive travels and no less extensive reading, become aware that in Germany all incomes of £25 a year and upwards are subject to income tax? Yes.—And that in the year 1884 no less than seven millions of heads of families were exempted from the payment of this tax because their income did not reach £25 a year? I was not aware of that fact.—Otherwise, the knowledge that seven millions of working men in Germany are earning less than 9s. 7½d. per week might have altered your opinion about the prosperity of that country, might it not? Possibly it might.—Now, take that document in your hand; it is the official report of the Inspector of Trades in Moravia and Silesia. Does he not there state that in Brunn the workmen work 96 hours a week, and that all they obtain for this labour is from four to eight florins, that is from 8s. to 16s. per week, while the women who work with them only get from 2s. to 4s. a week? That is his statement.—And that, I suppose, may be taken as realising your idea of prosperity in Germany! Now let us turn to France. Did you read in the daily papers of last November the statement made in the French Chamber of Deputies, that thousands of people were out of employment in all the great centres of industry throughout France; that five workmen out of every 15 in Paris had nothing to do; that the wages of skilled artisans had fallen from 5s. to 4s. 2d. per day; and that out of 100,000 Parisian masons, 30,000 had left the city, 35,000 were out of work, and only 35,000 in work? I believe I read something of the kind, but I cannot pledge my memory to the exact figures.—And that statement, made by a deputy of France in his place in the French Chamber, was allowed to pass unchallenged, was it not? I did not notice that it was contradicted.—But if it had been contradicted you would have noticed it, I suppose? Probably.—Now let us go to the United States. Are you not aware that in that country, with its practically boundless natural resources, there have been more failures during the last two years than there have ever been before; that with respect to 22 of the States, containing nine-tenths of the industrial population of the entire Republic, there were last year nearly half a million workpeople out of employment; that in the iron mines of Pennsylvania men are working for 3s. a day; that, having regard to the prices which rule life in the States, that sum is only worth half as much as it is here; that the New England cotton spinners, in a memorial to Congress, complain that their wages are less in amount than the cost of maintaining the convicts in the State prison; and that the Secretary

of the United States, reporting in December, 1884, says—"The whole manufacturing industry of the country is in dire distress?" I know things are very bad in the United States, for I have recently been there.—Are they not far worse than anything we have to endure in this country? I should say that is so.—Now, as this is a working-class question, tell me what are the factory hours here? Fifty-six and a half per week, I believe.—And in France? I think they average about 72.—And what is the difference in wages? I could not tell you off hand.—Somewhere about? I should not like to say.—Would you venture to contradict me if I were to say that wages all round are about half as much again in this country as they are in France? I should not.—You think that a likely thing? Yes.—Are things any better in Italy, or in Russia, or in Spain? I believe not.—But in Holland and Switzerland, where there is not so much Protection, things are better? I do not know as to that.—But ought you not to know, sir, before coming here to tell us that we are being ruined by Free Trade?

The Judge.—So far, Mr. Commerce, the plaintiff has not committed himself to that statement. I thought the omission so remarkable that I have made a note to ask a question upon it.

Mr. Commerce.—But that is his whole case, my lord.

The Judge.—That is his counsel's case, no doubt; but, as I understand him, he in some degree repudiates his counsel. How far that repudiation extends we shall probably learn by-and-bye.

Mr. Commerce.—I will go to that point at once my lord. To the Witness: Do you believe that this country is being ruined by Free Trade? By one-sided Free Trade, I do.—That only brings us back again to the old distinction without a difference; are you of opinion, to put it another way, that the existing depression in trade is the direct result of our Free Trade policy? That is my conviction; at all events, I regard that policy as being the principal cause of it.—And do you agree in what your learned counsel said in his opening speech about the flourishing condition of this country under the old Protective system? That, I understand, is a matter of history.—No doubt it is a matter of history that we fought Napoleon and obtained most of our colonies when under that system; and it is equally a matter of history, is it not, that all this was done with borrowed money for which we have been paying, and are still paying, interest to the tune of 30 millions a year? I suppose so.—But what I wanted to know was whether you were audacious enough to say that during this period our industries at home here were flourishing and our population prosperous and contented? I should not like to go so far as that.—Not go so far as that! Why, sir, was not the direct contrary the case; were not our industries paralysed and the great masses of the people plunged in the deepest destitution; were there not rick-burnings and bread riots all over the country; were we not on the high road not only to commercial ruin but to revolution? And is it not the fact that our ruling classes were absolutely forced into adopting a Free Trade policy by these impending disasters? Agriculture had not gone to ruin at all events.—Had it not! Let me read you this extract from a farmers' petition drawn up and presented to the House of Commons in

1831. "We, the gentry, magistrates, clergy, freeholders, and occupiers of land in the district of the once opulent vale of Taunton, most humbly represent to your Honourable House that the cruel distress throughout the district in which we reside has arrived at an unparalleled height, and is daily increasing to an alarming extent, with a progressive decline in the value of all productions of the earth, accompanied by an overwhelming burden of taxation such as was never endured by any country, and has swallowed up the capital of the farmer, and brought the greater proportion of independent yeoman to the brink of ruin, which, without the most speedy relief, must terminate in the annihilation of this most excellent and invaluable body of men." Now, that petition was drawn up at the very time when Protection was doing its utmost for the British farmer. Does it in any way modify the confident opinion you have expressed upon the condition of agriculture under our old Protective system? I never saw it before.—Nor hundreds like it that went up from all parts of England during those disastrous years, I suppose? No.—Now let us turn from agriculture to manufactures. You sympathise with those who tell us that Free Trade is driving not only our trade, but our industries themselves, and our very capital abroad, do you not? I certainly do; I could give you instances of it.—No doubt; I am going to give you an instance of it myself. Listen to this:—"Formerly we exported cotton stuffs; this exportation has given place to that of yarn, which is the material for making the stuffs; afterwards to that of machines, which are the instruments of production of the yarn; later still, to that of capital, with which we constructed our machines; and lastly, to that of our workmen, and of our industrial genius, which are the sources of our capital. All these elements of labour have been, one after the other, exercised wherever it was found that most advantage could be made of them, where living is less dear and life more easy; and immense manufactories founded by English capital, carried on by English workmen, and directed by English engineers, may be seen in the present day in Prussia, in Austria, in Saxony, in Switzerland, and in Italy."—What do you think of that? I agree with every word of it.—And you would not be surprised to learn that that is an extract from a speech made by a Manchester cotton spinner in the Manchester Chamber of Commerce? I certainly should not.—But you would be very much surprised to learn, would you not, that the speech from which that extract was taken was delivered not in 1886, but in the year 1842, when our old Protective system was in full swing? (Laughter.) Impossible!—It is a fact nevertheless; it reads like an extract from a modern Fair Trade pamphlet, doesn't it? (Laughter, in which the court heartily joined.)

This closed the cross-examination of the plaintiff, who then left the box, after occupying it for four successive days.

Mr. Protection.—As the day is on the wane, and as the independent action of our client has placed us in a position of some embarrassment, perhaps your lordship would not think it inconvenient to take an adjournment at this point?

The Judge.—Probably that will be the better course.

The court then adjourned.

TWELFTH DAY'S PROCEEDINGS.

The court was no sooner opened this morning than it was crowded by an audience eager to learn the result of the critical turn given to the proceedings by the singular dispute between the plaintiff and his leading counsel. On the learned judge taking his seat,

Mr. Protection rose and said that, after consultation with his learned friends and his client, he had resolved to proceed with the case.

The Judge.—How many witnesses have you yet to call?

Mr. Protection.—I only propose to call two more witnesses, my lord—one to speak to the bounty system; the other to prove that that depression in trade about which my learned friend finds it convenient to be so sceptical actually does exist, and is of very serious consequence both to the commerce and to the industries of this country.

Mr. Commerce.—I do not dispute that there is depression—very serious depression—both in our foreign and in our home trade. What I deny is that my client is in any way responsible for it.

Mr. Protection.—Accepting, then, my learned friend's admission, without his commentary upon it, I shall dispense with the evidence as to depression, and simply put a witness in the box to speak to the effects of the bounty system.

Mr. Andrew M'Crystal, of the firm of Messrs. Baker and M'Crystal, sugar refiners, Greenock, said he had been in business over 20 years. He was familiarly acquainted with the details not only of his own business but of the sugar trade of Greenock generally. Ten years ago, according to the best calculations he could make, the refineries of Greenock supplied 28 per cent. of all the sugar refined in Great Britain, whether for home consumption or for export abroad. The effect of the bounty system had been to reduce this per centage to 24 per cent. As a result, four refineries were now standing idle, and three which had been burnt down in recent years had not been rebuilt. A great deal of capital had in consequence been withdrawn from the trade, and many workpeople had been thrown out of employment. He had every reason to believe that much the same state of things existed in the other centres of the British sugar refining industry, such as Bristol and the east end of London.

By Mr. Commerce.—I understood you to be speaking exclusively of the sugar refined in Great Britain when you said that Greenock formerly supplied 28 per cent. of it, and now only supplied 24 per cent.? I was so.—Well, but if that be the case, the 4 per cent. you have lost must have gone somewhere else in Great Britain, must it not? I presume so.—Then where do you get your inference that all the other centres of the trade in this country have suffered as severely as Greenock? I only spoke generally, and without any such special knowledge of these other centres as I have of Greenock.—Do you know by how much the entire output of sugar in the United Kingdom has fallen off during the last ten years? I cannot say.—Or whether it has fallen off at all? The output of what is known as loaf sugar has been considerably reduced.—But I am speaking of sugar of all kinds—the total output? I have no reliable

statistics as to that.—Is it not the fact that what has been lost in the refining of loaf sugar has been made up by the refining of the commoner sorts, and that as a net result there are actually more persons employed in the sugar trade in Great Britain than there were ten years ago? I have heard that stated, but it is not the case in Greenock.—At all events you do not contradict the statement? I have no means of doing so.—Do you think it likely to be true? It may be.—Now, there was formerly an import duty on sugar, was there not? There was.—And were not the sugar refiners of Greenock among the foremost to petition for the removal of those duties? They were; I signed one petition myself.—Signed it yourself! Then you are no Protectionist? I am not even (smiling) an anti-bounty man (sensation).

Mr. Protection.—Do I understand you to say, sir, that you are in favour of foreign bounties?

Witness.—Certainly not; but I am not in favour of a countervailing duty. To begin with, I do not see how it is to be adjusted to the bounty.

Mr. Protection.—Do not trouble us with your reasons, sir; so far as I am concerned you may stand down.

Mr. Commerce.—My learned friend, Mr. M'Crystal, may cast you off as heartlessly as he pleases, but I cannot find it in my nature to part company with you so abruptly. (Laughter.) Will you be good enough to enlighten the court a little as to the difficulty you see in the way of adjusting the countervailing duty to the bounty?

A Juror.—I do not quite understand what is meant by the terms "bounty" and "countervailing duty."

Witness.—Why in France, Germany, Austria, Belgium, and elsewhere, the State, under the mistaken impression that it is benefiting the people by encouraging a native industry, grants to anybody who chooses to become a sugar manufacturer a bounty on every hundred-weight he turns out. This, of course, enables the manufacturers of these countries to send sugar here and sell it for less money than it costs them to make it; and, by way of meeting a kind of competition so unusual in business, it is proposed to subject all sugar to an import duty equal in amount to the bounty. This is called the countervailing duty.

Mr. Commerce.—And the difficulty in the way of adjusting the duty to the bounty is —? That nobody knows what the bounty really amounts to. Estimates have been made by the men best acquainted with the trade, but they vary amazingly! Some, for instance, put the French bounty as high as 5s. 3d. per cwt.; others put it as low as 7d. The Austrian estimates range from 10s. to 2s.; the Belgian from 7s. 11d. to 3s., and so on. Even if it were desirable, therefore, it would be impossible to fit a duty to unknown quantities like these. There is also this further difficulty in the way—that, if by chance we were to hit upon the right duty, there would be nothing to prevent foreign States from immediately increasing the bounty; and so we might go on until we ran up the price of sugar to a point which the British consumer would no longer tolerate.—Quite so; now to go to another point—the bounty itself is not an unmixed evil, is it? It cheapens sugar, of course.—I do not mean that. Some of the countries you have named grant a bounty upon the production of the raw beetroot as well as upon the sugar which the

beetroot yields, do they not? Oh, yes.—And this bounty-fed beetroot is not wholly unknown to the refineries of Great Britain, is it? (Laughter.) It certainly is not. (Renewed laughter.) So that, while benefiting our consumers by providing them with a cheap manufactured article, the States which give bounties on beetroot are good enough to benefit our manufacturers also by giving them a cheap raw material? That, no doubt, is so.—And, on the whole, you have no fears as to the ultimate fate of the British sugar industry? None whatever, though I confess that these bounties are a seriously disturbing element, and must continue to be so as long as foreign governments are foolish enough to give them.—But you think they will get tired eventually of presenting this country with a handsome subvention out of their taxes, do you not? I should think so—especially when I look at the cost of their armaments and the rate at which they are overwhelming themselves in debt.

The witness then left the box.

Mr. Protection.—On the understanding, my lord, that my learned friend admits the existence of a serious depression in trade, which has been going on for some few years past, that is my case.

Mr. Commerce.—I readily admit that; and I think that, in return, my learned friend might do me the courtesy of admitting the official statistics which I have placed in the hands of the various witnesses, without putting me to the trouble of a formal proof. They have all been prepared by our own Board of Trade, and presented to both Houses of Parliament. What better test of authenticity he can have I fail to see.

Mr. Protection.—I have no objection to admit the Board of Trade returns and the statistical abstracts prepared by the officials of our own Government, but I must draw the line at translations, by nobody knows whom, of reports of German Chambers of Commerce, and speeches made in the French Chamber.

Mr. Commerce.—I am quite satisfied. I shall call no witnesses.

Mr. Protection, in rising to sum up his case to the jury, said that meant that his learned friend, having no evidence to adduce, intended to have the last word, and to rely upon his own eloquence for a verdict. There were advantages, no doubt, in having the last word, especially in the case of so great a master in the art of putting things as his learned friend; but, fortunately, the jury, before being called upon to give their verdict, would have the benefit of his lordship's summing up. They would then be told that it was upon the evidence alone that they were called upon to pass judgment; and, what was more, they would have his lordship's assistance in distinguishing between what was really evidence and what was not. For he need scarcely tell them that an immense amount of what might at first sight appear to be valuable testimony given under cross-examination was nothing more than ingenious suggestion hatched in the busy brain of his learned friend. Nothing was easier than by a process like that to make black seem white and white black. He had placed in the box, for instance, two men in humble circumstances—the one a dock labourer, the other a journeyman carpenter—who had testified in their simple straightforward way to facts which came

before them in their daily life, and about which they could not be mistaken. The one—the dock labourer—was able to tell them that ready-made door and window frames were pouring in from abroad in a continuous stream, for he had himself assisted in unloading them from the ships which brought them here. He had no interest to serve in giving this evidence. His interest, indeed, lay all the other way; for if these ready-made door and window frames ceased to come in, he would have, as he very frankly told them, fewer vessels to unload. By means of the other witness—the carpenter—he had followed one stream of those ready-made door and window frames to the little town of Mudborough, where they saw the 30 hands formerly employed by Messrs. Brix and Wood suddenly dwindling to seven. Now, his learned friend had not ventured to dispute what was alone valuable in the evidence of these two witnesses—namely, the hard concrete facts to which they had testified. He knew he could not do that with success. What, then, was the course he had pursued? Why, to ply these unfortunate witnesses with a series of skilfully-constructed questions about anything and everything but the plain and simple facts to which they had testified, until he almost confused them into the belief that the importation of ready-made door and window frames promoted the building of houses, and that the more work we allowed the foreigner to do for us the more employment there would be for our own workpeople. (Laughter.) What he (the learned counsel) asked the jury to do was to watch very carefully the effect of this method of his learned friend's; for he had consistently applied it, not to these two witnesses only, but to every witness that had been called into the box. The learned counsel then went on to illustrate his point by taking the evidence of each witness separately, and contrasting the facts brought out during his examination in chief with the interpretation sought to be put upon them under the process of cross-examination. He begged the jury to keep their minds steadfastly fixed upon the facts themselves, and to discard as unworthy a second thought the entire array of suggestions, innuendoes, opinions, and inferences injected into the case by his learned friend. Doing that, they would find—first, that for years past there had been not only great but increasingly great depression in every department of our home and foreign trade. That fact his learned friend admitted. Secondly, they would find that during the last ten years our imports had exceeded our exports by the enormous sum of £1,137 millions. That fact his learned friend endeavoured to explain away. Why? Because, thirdly, they would find that it was this enormous excess of imports—this constant pouring in of a huge flood of foreign produce and manufactures—that crippled our industries, threw our workpeople out of employment, paralysed our commerce, and, in short, abundantly accounted for that terrible depression in trade which his learned friend was compelled to admit, but the causes of which he was obliged, in the interests of his client, to treat as an unsolved mystery. The jury, however, had no interests to serve but those of truth and justice; they would bring their common sense, as men of the world, to bear upon the facts which were laid before them; and if they found that the two damning facts which his learned friend had sought, by every artifice in his power, to explain away, accounted for the only remaining

and equally damning fact which his learned friend had left wholly unexplained, they would not be deterred by any consequences that might accrue to either of the parties to the suit from giving, as their oaths required, a true verdict according to the evidence.

At the conclusion of the learned counsel's speech, which occupied four hours in delivery, the court adjourned.

THIRTEENTH DAY'S PROCEEDINGS.

The interest in this important cause increases as the trial approaches its close. At an early hour the court was crowded in every part. On his lordship taking his seat upon the bench,

Mr. Commerce at once rose and commenced his address to the jury for the defence. They had, he said, enjoyed the pleasure of listening to two speeches from his learned friend. In the first, he opened a case which he had never attempted to prove; in the second he claimed to have proved a case which had hopelessly broken down. And upon the credit of these two performances he had taken it upon himself to solemnly warn the jury not to be led away by the eloquence of counsel. He (Mr. Commerce) congratulated his learned friend upon his effrontery; but, for himself, he had very little faith in the power of his own or of anybody else's eloquence to lead men of business and common sense, as the jury were, away from the plain facts that had been given in evidence before them. The reason why he decided not to call witnesses was not because he wished to rely upon persuasion rather than upon facts, but because he did not think it either wise or proper to waste their time by proving over again facts which he had already elicited from the plaintiff himself or the plaintiff's witnesses. The charge against the defendant was that he had by false pretences procured the dismissal of the Protection Family from office and lifted himself to the place which they formerly occupied in the councils of the nation; and that, as a consequence, the country had within the last 40 years been reduced from a state of high prosperity to a condition, if not bordering on, at all events tending rapidly towards, hopeless ruin. Where was the proof of all this? Not one tittle of evidence had been tendered to show the high state of prosperity to which it was alleged the country had attained under the policy of Protection. On the contrary it had been left to him (Mr. Commerce) to drag from the plaintiff the reluctant admission that this much-vaunted prosperity was all a myth; that as a matter of sober fact, it was Protection which had brought the country to the verge of ruin; and that we had only been rescued from that fate by the adoption of Free Trade. Then, again, where was the evidence of the false pretences by which it was alleged the defendant had obtained his ascendancy in the councils of the nation? It was true that the plaintiff had put forward certain theories as those which ought to have been carried out in preference to the principles of Free Trade; but in every single instance these theories had broken down

under cross-examination, and were shown to be the result of absurd misconceptions on the part of the plaintiff and his friends. Finally, there was the alleged descent of the country towards bankruptcy. The only evidence given in favour of this monstrous fiction was that we were suffering, in common with every other nation in the world—but not by any means so severely—from depression in trade. It was sought, it was true, to connect this depression—which he admitted and deplored—first, with the fact that during the last ten years our imports had largely exceeded our exports; and secondly, with the fact that our industries were not in full swing, and that, in consequence, large numbers of workpeople were out of employment. But where was the evidence of this mysterious connexion! If trade was depressed it could not be brisk, and if it was not brisk there could not, of course, be so much work for our industrial population. The two things were one; and the moment it was sought to connect them with the excess of our imports over our exports, the case broke down. It had been admitted by the plaintiff's own witnesses that our imports being bought to sell again, were a source of profit to us and not of loss; and that as to so much of them as were in excess of our exports they represented, in addition the payment of interest on our investments abroad, and the earnings of our shipping trade in carrying the world's merchandise from port to port. With what force, then, could it be contended that this excess of imports was either a sign of impending bankruptcy or a cause of depression in trade? On the contrary it was at once a symbol of our enormous wealth, and a cause of great commercial activity. And here he wished to say a word or two upon an amazing suggestion which had not merely been casually thrown out, but which had been iterated and reiterated, and emphasised with every known variety of impressive gesture and inflection of voice by the counsel for the plaintiff—the Simon Pure, who despised the arts of eloquence! That learned gentleman had advised them over and over again to keep their minds steadfastly fixed upon the facts given in evidence by the several witnesses in their examination in chief, but to dismiss from their minds as absolutely worthless all the additional facts which they had given in evidence under the process of cross-examination. But surely if these witnesses were the witnesses of truth in the one case, they were equally the witnesses of truth in the other. The maxim, indeed, which had grown out of the experience of generations of the profession to which he had the honour to belong—a maxim, too, which he was sure would commend itself at once to the common sense of the jury—was the direct reverse of the principle which had been laid down by his learned friend. That maxim was that the testimony wrung from a reluctant witness under cross-examination was more likely to be true than the testimony which he gave in answer to questions put by friendly counsel who were only desirous of making out their case. What he (Mr. Commerce) asked the jury to do was to take all the facts into their consideration—as well those which were given under the examination in chief as those which were elicited in cross-examination. He had nothing to fear from facts; it was upon facts that he founded his entire defence. Believing, as he did, that the plaintiff and his friends had been led into their mischievous errors and misconceptions by the eagerness with which they seized upon

half truths, what he had been anxious to do was to bring out the whole truth. When a witness, for instance, told them that the excess of our imports over our exports must be paid for somehow, he admitted it. That was true so far. But when that witness went on to say that this excess was paid for in gold, then he cross-examined him with the result of showing that he knew nothing about it; and he (Mr. Commerce) had not rested until he had shown from the mouths of other witnesses that, so far from our excess imports being paid for in gold, they were sent here in payment for services rendered and interest on our foreign loans. That was the whole truth, and it entirely changed the aspect of the plaintiff's case. So, again, when another witness said that a protective policy would open up new employments for native industry, he admitted it. But he could not allow that witness to stop there; he had only told half the truth. The whole truth was that a protective policy, while opening up new employments, destroyed old ones, and that the number of old ones it destroyed was very much larger than the number of new ones it created. The learned counsel then went through the evidence of the various witnesses in detail, showing the entirely new light in which the matter stood when the half truths to which they came forward to testify, in the first instance, had been developed into whole truths under the process of cross-examination. The error into which these witnesses, one and all, had fallen, he said, lay in looking at the question exclusively from the producer's point of view. They pictured to themselves a merry time for the farmer and the manufacturer if only the field of competition could be restricted by shutting out the foreigner. Prices would go up, and with prices, as they thought, the profits of the capitalist and the wages of the workmen. But as in all their other reasonings, so here—they had only managed to lay hold of half the truth. They omitted to take into consideration the all-important fact that everything came originally from the land—the corn and flax which were sown in it, the minerals which were dug out of it, the timber which grew up from it, the meat and the hides and the wool that were taken from the herds and flocks which pastured upon it. And they did not pause to reflect that every increase they effected in the value of the produce of the land would pass ultimately into the pockets of the owners of the land—that, with a restricted market, the profits of the capitalist and the wages of the workman must go down, while the rent of the landlord would be the only thing that would go up. They also overlooked another important factor in the problem with which they ventured so foolishly and so mischievously to tamper. They forgot that every producer was also a consumer, and that while he was a producer of only one thing, he was a consumer of many things. Even supposing the effect of a protective policy were to increase manufacturers' profits and workmen's wages—which, as he had just shown, and as had been proved in evidence from the experience of other countries, would not be the case—where was the advantage, if the manufacturer and the workman had to pay more for every article they required either to maintain life or minister to its comforts and pleasures? It would be a disastrous change of policy for Mr. Heelball to increase his profits by £100 a year and his expenses by £1000—a cruel mockery to give a workman an extra 1s. a week in wages and charge him an extra 7s. a week for food, clothing, and shelter.

So that, even when put from the point of view of the producer alone, the case of his learned friend had not a leg to stand upon. But he was there to put the case as one to be viewed wholly and exclusively from the point of view of the consumer. A man's interest as a producer were as nothing compared with his interests as a consumer. Not only did he consume a far greater variety of articles than he produced, but as a rule he had depending upon him for their livelihood a number of consumers who produced nothing. This being so, it was clear that a policy which reduced the cost of what was consumed was of far greater advantage to the community at large than a policy which increased the profit upon what was produced. And this was the policy of Free Trade. Its fundamental doctrine was that the producer existed for the benefit of the consumer, and not the consumer for the benefit of the producer. He had no doubt they would think he was wasting their time if he were to expend only six words in asking them "Which was better—abundance or scarcity?" Yet this, reduced to its elements, was precisely the question which the plaintiff had occupied twelve days in putting before them. He saw they looked incredulous; he would show them that he was indulging in no idle phrase-making for the sake of effect. What was the whole burden of his learned friend's case? Was it not that the foreigner was flooding our market with his goods. Therefore, he feared abundance. What was his learned friend's proposed remedy? Was it not to put on such import duties as would keep out this flood of foreign goods? Therefore, he wanted scarcity. That was the whole case in a nutshell. For, like his learned friend, he failed to see any point whatever in the shadowy distinctions which the plaintiff had himself endeavoured to set up between Protection and what he termed Fair Trade. It was the old case over again of Cæsar and Pompey being very much alike—especially Pompey. Both Protection and Fair Trade meant the imposition of duties on foreign imports. The object with which these duties were to be put on in the one case might differ from the object with which they were put on in the other, but the result would be the same—scarcity. The scarcity might be less in the one case than the other—though even that was improbable—but he was an enemy to all scarcity. He stood there as the advocate of abundance, and upon the issue between the two alternatives he fearlessly asked their verdict. He had shown them, by placing in the hands of the plaintiff's witnesses impartial Government statistics which the plaintiff's own counsel admitted to be accurate, that since Free Trade had been introduced, great as had been the increase in our population, the increase in our trade and wealth had been far greater, while pauperism and crime had absolutely fallen off, the latter to less than half its former volume. It was idle to attribute this to the introduction of steam and electricity since other countries had enjoyed the advantage of steam and electricity, and yet, being still under Protection, had failed to show any similar results. He had shown that our trade was considerably more than twice as great as that of any other nation in the world—that Germany with its ten millions more of population only stood at £326 millions, as compared with our £732 millions, and that the United States, with their 15 millions more of population, only stood at £318 millions. He had shown that, taking each foreign nation in its turn, we, according to their own statistics,

prepared for the information of their own governments, carried off the lion's share of the foreign trade of every one of them. What better or more convincing proofs, he asked, could he bring forward in favour of the policy of abundance? The only answer from the other side, was that trade was depressed. He admitted it. But he claimed to have proved out of the mouth of the plaintiff's own witnesses that Free Trade was not the cause of this depression. He claimed, indeed, to have proved more. By showing, on the one hand, what were the natural effects of our policy of abundance, and on the other, what had been the effect upon other countries of their policy of scarcity, he had made it very clear, he thought, to the minds of the jury that but for Free Trade the depression from which we were unhappily suffering would have been much deeper than it actually was, and the nation as near ruin in reality as it had been pictured to be in the too vivid imaginations of the plaintiff and some of his witnesses. This was neither the time nor the place, nor did it fall within the scope of his functions, to investigate the causes of that depression. Otherwise he might, perhaps, be able to enlighten them a little—as, for instance, by suggesting that it arose not from too much but from too little Free Trade—from not extending Free Trade to the land, and so on. All he was called upon to do, however—all, indeed, he was permitted to do—was to show that, whoever or whatever else might be to blame, his client was innocent of the cruel charges which had been brought against him. He did not complain of those charges. It was the fate of every benefactor of his species to be misunderstood and maligned. Neither did he lay any claim to their gratitude. All that he had done for his country had been done in the sacred interests of justice between man and man, and all that he asked at the hands of his country was justice in return. (Loud applause, in the midst of which the learned counsel resumed his seat, having spoken all day.)

The learned Judge said he would commence his summing up in the morning, and the court adjourned.

LAST DAY.—THE VERDICT.

On this, the fourteenth, and—as was generally anticipated—last day of the protracted trial of this suit, the court was again crowded in every part. There was no standing room left, even in the passages, and one enterprising auditor took possession of the now vacant witness box. Immediately upon taking his seat on the bench,

The learned judge, Mr. Justice Reason, proceeded to sum up. This was an action, he said, brought by the plaintiff, Mr. Fair Trade, to remove the defendant, Mr. Free Trade, from office—first on the ground of fraud, and, secondly, on that of abuse of trust. Even so far as the defendant was personally concerned, these were allegations which were very serious in their character, and which, if proven, would be still more serious in

their result. But when they came to consider the nature of the office which the defendant had so long held, and from which it was sought to remove him, it would be seen that the consequences involved reached far beyond the interests of the individual, and extended to the whole community. In other words, the issue which they were called upon to decide by their verdict that day affected in the most direct manner the welfare of the entire 35 millions of population inhabiting these islands, and, more or less remotely, the welfare not only of our colonies and dependencies, but of the trading nations of the world at large. Such being the case, he need scarcely tell them how important it was that they should bring their best judgment to bear upon the facts which had been laid before them, and discharge, under the fullest sense of their high responsibility, the duty which they were called upon to perform. Great Britain was an old country which had long ceased to have any virgin soil to draw upon, but which was rich beyond the dreams of avarice in the mineral wealth which lay beneath its surface. Its area was restricted ; its population prolific. It depended for its prosperity almost wholly upon its industries and its commerce. These industries and this commerce were the very life blood of its people. How important, therefore, was it that they should be carried on upon right principles. And it was really to ascertain whether the principles upon which our industries and our commerce were being carried on at present were better or worse than those for which they were substituted some 40 years ago—whether, indeed, Free Trade or Protection was the preferable policy—that the jury had been empanelled. He was aware that the plaintiff had, against the advice of his counsel, endeavoured to mark out a third course—Fair Trade, as he termed it—and with this he should deal more at large later on. But for present purposes he should put the issue which they were called upon to try as being one between Protection, pure and simple on the one hand, and Free Trade on the other. Otherwise what became of the allegation of fraud? For if the plaintiff was himself of the opinion that Protection pure and simple was a bad policy, it did not lie in his mouth to say that the defendant was guilty of false pretences in inducing the nation to abandon it. But when pressed he declined to admit that Protection was in itself a bad policy. So they were brought back again, for the time being, to the issue he (the learned judge) had laid before them. The evidence upon that issue was twofold in its character. It consisted partly of what was termed direct evidence—that was, of statements of fact, which were to be duly weighed and taken for what they were worth in themselves ; and partly of what was termed circumstantial evidence—that was, of statements of facts from which the jury would have to draw their own inferences. When they were told, for instance, that the removal of certain duties led to the destruction of the Coventry ribbon trade, that was direct evidence ; and all they would have to do would be to consider what were its bearings upon the case in hand. When, on the other hand, they were told, in answer to the statement that 1137 millions of gold had been sent out of the country in ten years, that all the gold we ever possessed did not amount to 200 millions, and that as soon as three or four of those millions were sent out of the country they were brought back again by a timely rise in the Bank rate,

that was circumstantial evidence, because the jury were left to infer that, in the nature of things, the alleged exportation of 1137 millions in ten years could never have taken place. He should deal with the direct evidence first. It appeared to be admitted—for though there was no testimony to the fact, it had been taken for granted on both sides—that the defendant entered upon the office from which it was now sought to eject him 40 years ago. By the plaintiff it was alleged that he came into that office by means of false and fraudulent representations, but strangely enough no evidence whatever had been offered on the plaintiff's behalf in support of this allegation. It had probably been left to the jury to infer that the defendant had obtained his office upon the strength of his Free Trade principles, and that these principles, being in the themselves false, constituted a false pretence. But, if so, it was his (the learned judge's) duty to tell them that in a case like the present, where the consequences were in their nature penal, they were not at liberty to take anything for granted which told against the defendant. Every allegation must be proved beyond all cavil and dispute, and wherever there was a loophole for doubt to creep in, the point must be given in the defendant's favour. He next came to the charge of abuse of office, and here again there was a singular blank in the evidence. He did not know whether it had occurred to the jury, but it had struck him as being in no small degree remarkable that, although the country had been under the regime of Free Trade for 40 years, not a particle of testimony had been forthcoming on the plaintiff's behalf to show what had been the effect of that regime during the first 30 years of its existence. Was it to be taken that during those 30 years there had been nothing to complain of? They would probably get some light upon that point when they came to consider what had been brought out under cross-examination by the learned counsel for the defendant. At present he was dealing only with the case as it was presented by the plaintiff. And even when they came on to the last ten years of the Free Trade regime there had been nothing in the way of direct evidence placed before them but the admitted fact that there had been some depression in trade. He used the word some, not because he underrated the suffering which the amount of depression actually existing caused among those upon whom it fell, but because, in comparison with the entire body of our trade, it could not be properly described as of a kind to engender serious alarm. Indeed, when they came to consider the facts brought out towards the close of the cross-examination of the witness Heelball, and when they came to look a little more closely into the official returns upon which that cross-examination was based, he thought they would arrive at the conclusion that what had happened to the trade of the country was rather the cessation of a period of unexampled prosperity than the beginning of a period of unexampled adversity. The highest point our foreign trade had ever attained, for instance, was in 1874, when it reached 667 millions—a sum equal to £20 11s. 10d. per head of the population. During the last ten years, with, of course, an increasing population it had once—1879—fallen as low as 611 millions, or £17 18s. 3d. per head. But it had also—in 1883—reached as high as 732 millions, or £20 11s. 3d. per head of the population. It was for the jury to say whether upon such

a state of facts—taken in conjunction with the enormous increase of wealth and decrease of pauperism and crime which had marked what he might term the Free Trade era—there was any evidence before the court which would justify them in dismissing the defendant from his post, and returning to a policy of either open or thinly-veiled Protection. It had been alleged, indeed, that the prosperity of the last 40 years might be due, not to Free Trade, but to other causes—such, for instance, as the introduction of steam and electricity. Even so, however, it was clear that Free Trade had not availed to arrest the beneficial operation of these other causes, whereas in those countries where Protection still reigned supreme, these other causes had certainly not produced anything like the same effects. The very small amount of direct evidence they had upon this point, therefore, was in the defendant's favour. He now passed on to the consideration of what he had termed the circumstantial evidence; and he confessed that in doing so he was in some danger of conducting them into a labyrinth of theories were the facts were few, and for the most part remote, and the inferences far-reaching and gigantic. He could not help feeling, however, that the key to the whole position lay in a single sentence which dropped almost unnoticed from the lips of the witness Moody. That gentleman, after describing with a lucidity and an accuracy which won universal admiration and assent, the system upon which international commerce was conducted, said it followed from the principles which he had laid down that no import could come into this country unless a corresponding export was sent out to pay for it—except, indeed, it were given to us, or lent to us, or were sent here in discharge of an outstanding debt. Now, if this was really the fact—and it had not only been allowed to pass undisputed, but had been confirmed in a variety of ways by the testimony of other witnesses—it threw a welcome flood of light upon the whole question at issue between the parties. For it made it perfectly clear that any policy which restricted our imports must also restrict our exports—or, in other words, cripple our industries—to the same extent. In face of a fact like this, it seemed idle to waste their time by going through the evidence that had been given concerning the alleged beneficial effects of encouraging native industries, creating diversities of employment, and the like—especially after the way in which that evidence had been riddled under the fire of cross-examination. For where was the use of encouraging native industries by a process which closed the only outlet to the product of these industries; and where the use of creating diversities of employment if, in order to do this, we at the same time restricted the field upon which employment of any kind could be expended! In saying this he was assuming that they had it upon trustworthy testimony that a policy of Protection really did encourage native industry and create diversities of employment. But was this the fact? They had it in evidence before them that vast numbers of persons were employed in bringing foreign goods to these shores and in transmitting them from place to place, and finally disposing of them after they were landed here. They had also been told how this country had, under her Free Trade policy, become the emporium of the world, and how foreigners, seeking the cheapest markets, came here to buy not merely the produce of our

own land and people, but the produce of all lands and all peoples. It was for them to draw from these facts their reasonable inferences, and to say whether a policy of Free Trade or a policy of Protection was the more likely not merely to encourage native labour, and to create diversities of native labour, and to give employment to that labour in its various forms after it had been encouraged and created. It was also for them, over and above all this, to bear in mind the one supreme fact, which he could not help again emphasising as the pivot upon which the whole case turned, that to restrict our imports was to restrict our exports; for it followed from that as certainly as pain followed from a blow, that to put on a duty which would keep out imports was at the same time to deal their death-stroke to the industries that produced the exports with which these imports were paid for. If we bought from the foreigner he was compelled to buy from us in return or go without payment, whereas if we bought not from him he could not buy of us, and in that case it was for the jury to consider what would become of our export trade. In point of fact, the only rational inference to be drawn from the evidence appeared to him to be that we should be losers both ways—losers by the number of our population who would cease to be employed in handling what we now bought from the foreigner, and losers by the additional number of our population who would cease to be employed in producing what we now sold to him. It was not for him to decide upon the weight of the evidence on one side or the other; that was the exclusive province of the jury. All he said was that if they believed the evidence the inference was irresistible. And this brought him to the effort made by the plaintiff, in opposition to the advice of his counsel, to carve a way for himself out of the difficulties of his case by casting Protection pure and simple to the winds and taking his stand upon what he termed Fair Trade. It was for the jury to say how far he had benefited himself by that independent course of action. He admitted that he would have to commence operations by putting on import duties all round. He admitted it to be extremely problematical whether this policy would induce a single foreign nation to open its ports to our merchandise. He admitted that in the event of their not so opening their ports he would still retain the duties. His admissions, indeed, brought him back eventually to the point at which he first parted company with his learned counsel—Protection pure and simple. At best, therefore, it would appear that Fair Trade was a system of restricting our imports to an extent which it was impossible to define; at worst—and it was for the jury to consider what were the probabilities of the worst happening—it was a system of restricting all our imports without either degree or limit. This being so, it was obvious that Fair Trade was subject to precisely the same inferences and arguments as Protection pure and simple. It was possible, indeed, that if things turned out well there might be a difference in degree; but, however things turned out, there could be absolutely no difference in kind. Protection meant restricted imports, Fair Trade the same thing with possible but more or less improbable modifications. With these observations, he proposed to leave the case with the jury. He did not think it necessary under the circumstances to read over all the evidence in detail. If they found themselves in difficulty upon any point—which he scarcely apprehended—he would

gladly refer to his notes. If not, they would return such a verdict as they deemed to be in accordance with the evidence and the magnitude of the interests involved, without respect of persons.

The jury, without turning round in their box, at once gave a verdict for the defendant, which was received with loud applause.

Mr. Commerce.—I presume you lordship will certify for costs?

The Judge.—Certainly, and upon the highest scale. I never tried a case in which charges so serious were brought upon more frivolous pretexts.

This concluded the trial, and the court adjourned.



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